Daily Report

East Asia

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FBIS-EAS-90-031 *14 February 1990*

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Indochinese Conference Communique on Cambodia

BK1102120490 Hanoi Domestic Service in Vietnamese 1100 GMT 11 Feb 90

["Communique of the Conference of Vice Foreign Ministers of Cambodia, Laos, and Vietnam"—date not given]

[Text] 1. At the invitation of the Ministry of Foreign Affairs of the State of Cambodia, the vice foreign ministerial conference of Cambodia, Laos, and Vietnam was held in Phnom Penh from 10 to 11 February 1990 to exchange views on the regional situation and the official conference on Cambodia to be held in Jakarta. Attending the conference on the side of the State of Cambodia was Comrade Sok An, deputy minister of foreign affairs; on the LPDR [Lao People's Democratic Republic] side was Comrade Soulivong, vice minister of foreign affairs; and on the SRV side was Comrade Dinh Nho Liem, first vice minister of foreign affairs.

Comrade Hor Nam Hong, minister to the Office of the State of Cambodia Council of Ministers, opened and directed the conference.

2. The conference welcomed the great achievements recorded by the Cambodian people and the Government of the State of Cambodia in the struggle to defend and build the country and promote peace and stability in Southeast Asia.

3. The conference unanimously welcomed Vietnam's complete withdrawal of its army volunteers home 15 months ahead of the set schedule. This goodwill of the State of Cambodia and Vietnam, which is recognized by the world, has solved one of the two key problems concluded at JIM-1 and JIM-2 [first and second Jakarta informal meetings]. This is a decisive factor leading to a comprehensive political solution to the Cambodian problem. The other key problem facing a just and rational political solution remains preventing the Khmer Rouge from reestablishing its genocidal regime in Cambodia.

4. The conference considered that the internal issues of Cambodia must be settled by representatives of the two governments in Cambodia. The conference held that it is in the interest of the Southeast Asian countries to make positive contributions to a political solution to the Cambodian problem.

5. The conference welcomed the efforts and initiatives made by other countries with the aim of seeking a political solution to the Cambodian problem, especially the Australian initiative which sets aside such temporary problems as abolition of the two governments and establishment of a coalition government comprising the various Cambodian parties prior to the general elections. It would be suitable for the coming Jakarta informal meeting to deal directly with fundamental problems—namely, organizing free, democratic, and just general elections, ensuring the neutrality of Cambodia, and establishing a zone of peace, neutrality, and cooperation in Southeast Asia under the guarantee of the Paris international conference and the United Nations.

6. The conference agreed that the United Nations plays an effective role in organizing general elections during the transition period in Cambodia, during which the Cambodian seat at the United Nations should be left vacant. The UN activities must be carried out in the spirit of totally respecting Cambodia's independence and sovereignty.

7. The LPDR and SRV highly appraise the State of Cambodia's good will in seeking a political solution for peace, independence, and national conciliation, and for peace in Southeast Asia.

8. The State of Cambodia, the LPDR, and the SRV affirmed that they will do their utmost to ensure success for the coming Jakarta informal meeting, thereby meeting the interests and earnest aspirations of the Cambodian people and the wishes of the broad segment of world public opinion.

9. The Lao and Vietnamese delegations sincerely thank the Ministry of Foreign Affairs of the State of Cambodia for its hospitality and its good preparations and organization of this meeting.

Comparison on Communique

BK1302071990

Vientiane Domestic Service in Lao at 1200 GMT on 12 February carries a 4-minute "foreign news item" on the communique on the 10-11 February conference of Indochinese deputy foreign ministers in Phnom Penh. This version has been compared with the Hanoi Domestic version published as the immediately preceding item and found to be identical, except for the following variations:

Paragraph four, sentence one, Vientiane radio reads: ...army volunteers home ahead of the set schedule. Such an action is one of the two decisive factors leading to a... (deleting sentence two and rewording);

Paragraph six, sentence one reads: ...the initiative of the Australian Government on the abolition of the two governments and the establishment of a coalition government prior to the... (rewording);

Paragraph eight, only sentence reads: ...and for peace and stability in Southeast Asia.... (adding "stability").

ASEAN Officials Discuss Cambodian Issue

BK1302044590 Bangkok THE NATION in English 13 Feb 90 p 2

[By Yindi Loetchharoenchok in Kuching, Sarawak]

[Text] Senior Asean officials yesterday expressed disapproval of the Khmer Rouge's decision not to attend the

upcoming informal talks in Jakarta on the the Cambodian conflict, saying that the guerrilla force could not take Asean's support for granted.

Senior officials of the six Asean countries discussed the question of Khmer Rouge participation at a closed-door meeting held to prepare for the Asean-EC foreign ministers' meeting to be held in this East Malaysian town on Feb 16-17.

One Asean diplomat said the meeting agreed that it would be a major blow for the Khmer Rouge to boycott the Feb 26-28 Jakarta talks.

However, diplomats agreed that Asean would not take any action against the Marxist guerrillas, one of three resistance groups fighting the Phnom Penh government, if it rejected Indonesia's invitation to participate in the talks. The informal conference at present will be attended by the other three Cambodian factions, Asean, Vietnam, France and Australia.

The Asean diplomats said the Khmer Rouge wanted Jakarta to invite the five permanent members of the UN Security Council to the talks but Indonesia wanted the meeting to emphasize "regional efforts" towards a peace settlement.

Officially, Asean officials expressed hope that the Khmer Rouge would eventually agree to attend the Jakarta meeting.

"They (the Khmer Rouge) have not said yes or no," maintained Datuk Ahmad Kamil Jaafar, secretary general of the Malaysia's Ministry of Foreign Affairs.

Thai delegation chief Sarot Chawanawirat, director general of the Foreign Ministry's Asean Affairs Department, said; "There are still two weeks to go before the meeting starts."

Sarot said the officials agreed yesterday upon a broad outline for an enhanced United Nations role in a settlement of the Cambodian conflict.

"It (the outline) is somewhat along the lines of the 16-pont statement issued by the five permanent members of the UN Security Council in Paris last month," Sarot said. He decilined to elaborate, saying the platform has yet to be officially endorsed by Asean foreign ministers.

Asean diplomats, speaking on condition of anonymity, told THE NATION that all the Asean members had agreed on Australia's proposal, endorsed in principle by the five permanent UN security council members last month, calling for interim UN administration of Cambodia before general elections.

However, they said they were aware of "technical implications" of the enhanced UN role, such as those regarding administration of Cambodia, verifying last September's withdrawal of Vietnamese troops, monitoring a ceasefire agreement betwen the warring Cambodian forces, and organizing the general elections.

"We discussed the technical implications, which would involve (huge) budgets and personnel," said one Asean diplomat.

"It would be unprecedented if the proposal is implemented," said another Asean official.

He said a kind of Cambodian council would be required as a symbol of sovereignty as well as a UN administration during the transitional period.

The diplomat also maintained that the two rival governments—the resistance coalition Government of Democratic Kampuchea recognized by the United nations and the Phnom Penh government—must be dissolved in such a political settlement.

The Phnom Penh regime has proposed that the two governments be maintained while the United Nations steps in. The resistance is sticking to its five-point proposal calling for dismantling of the two governments and formation of a four-party power-sharing government before a general elections.

The diplomats added that Asean is willing to contribute whatever it can to ensure the success of a UN role "if we are assigned to help."

However, the officials would not elaborate on what sort of contribution Asean could make.

One diplomat said it was surprising that all six Asean members were able to reconcile their differences in the one-day meeting despite speculation that there were splits in the regional grouping given the number of peace proposals that had emerged since the breakdown of the Paris conference on Cambodia six months ago.

"Despite all the developments and various proposals, Asean has been able to come up with 'parallel' views on the UN role," the diplomat said.

Japan

U.S. Thanked for Help on Territorial Dispute

OW1402040390 Tokyo KYODO in English 1141 GMT 13 Feb 90

[Text] Tokyo, Feb. 13 KYODO—The Foreign Ministry on Tuesday thanked the United States for bringing up Japan's territorial dispute with the Soviet Union in recent foreign ministerial talks in Moscow.

"We appreciate the United States for reminding the Soviet Union of the importance of this issue," said the ministry's acting spokesman Shigeta Takenaka.

During three days of talks between U.S. Secretary of State James Baker and Soviet counterpart Eduard Shevardnadze ending Friday, Baker reportedly suggested Moscow move on the dispute with Japan over three islands and a group of islets the Soviet Union occupied since the end of World War II.

"The U.S. side brought up the northern territories issue, we believe, because in the eyes of the Americans the normalization of Japan-Soviet relations is essential for peace and stability in the Asia-Pacific region," the spokesman said.

Sources said Baker raised the issue with Shevardnadze during discussions on regional conflicts such as Kampuchea and the Korean Peninsula. Baker was quoted as saying that, since improved Soviet-Japan relations would lead to an improvement in general East-West relations in Asia, Moscow should resolve the territorial issue. Shevardnadze, who is expected to come to Japan in March to address the problem and the prospect of a peace treaty, reportedly replied that the territorial issue was purely a bilateral one.

Takenaka said Japan also values the progress made by Baker and Shevardnadze in the area of arms control, particularly their agreements concerning the Strategic Arms Reduction Talks (START), which he called "an important step in the effort to reduce and control nuclear weapons." "The progess made in the talks has led us to (see) greater prospects for the superpower summit to take place in June this year," he said.

Matsumoto, Cheney To Discuss Security Treaty

OW1402081090 Tokyo KYODO in English 0618 GMT 14 Feb 90

[Text] Tokyo, Feb. 14 KYODO—Issues involving the Japan-U.S. Security Treaty will be among the topics for discussion with visiting U.S. Defense Secretary Dick Cheney next week, Defense Minister Juro Matsumoto said Wednesday. Cheney will hold talks with Matsumoto on the rapidly changing international situation in Tokyo on February 22.

Matsumoto told reporters after a regular cabinet meeting that he and Cheney, however, will not pick up as a major topic the issue of reducing the number of U.S. troops stationed in Japan, currently about 50,000.

Cheney, who is currently on a three-nation Asian tour, will arrive in Okinawa next Tuesday from the Philippines to inspect U.S. military facilities on the southern Japanese island. About 35,000 U.S. military personnel are stationed in Okinawa. Cheney will also inspect the U.S. naval base in Yokosuka, Kanagawa Prefecture, on February 21.

Besides his meeting with Matsumoto, Cheney will also meet Prime Minister Toshiki Kaifu and Foreign Minister Taro Nakayama on February 22. He will hold a press conference on February 23 at the Japan National Press Club and will leave Japan from the Misawa U.S. Air Base in Aomori Prefecture on February 24, the Japanese Government said.

Diplomats Warn About Buying U.S. Real Estate

OW1402070090 Tokyo KYODO in English 1157 GMT 13 Feb 90

[Text] Washington, Feb. 13 KYODO—Japanese purchases of American real estate have spread ill-feeling to even smaller American cities, senior Japanese diplomats here said Tuesday. These diplomats, however, stopped short of asking Japanese companies to halt such transactions, which are often made at the request of American partners.

"The criticism against Japan today chiefly stems not from the trade imbalance but from direct investment—particularly real estate purchases," Foreign Ministry spokesman Taizo Watanabe said at the end of a two-day meeting of senior Japanese diplomats based in the U.S. He said the ministry will call the attention of Japanese businesses to the problem through an overseas communications conference to be held in Tokyo on Friday and at other meetings.

Watanabe predicted that the American criticism leveled at Japan will continue regardless of what Japan will do in connection with the "Super 301" provision of the Omnibus Trade Act and the Japan-U.S. talks on structural impediments to trade and investment. He said leaders of the world's seven major industrial nations will address environmental protection, aid to Eastern Europe and China, drug abuse, and education during their annual meeting in Houston, Texas in July.

Ministry Says Trade Surplus Falls 'Dramatically'

OW1402115690 Tokyo KYODO in English 0854 GMT 14 Feb 90

[Text] Tokyo, Feb. 14 KYODO—Japan's trade surplus fell dramatically in January for the ninth straight month in a drop magnified by higher crude oil prices and a seasonal factor, the Finance Ministry said in a preliminary report Wednesday. The overall trade surplus, measured on a customs-clearance basis, plunged 89.5 percent from a year earlier to 342.4 million dollars before

adjustment for seasonal factors. The drop was the biggest since June 1979, when the nation's surplus shrank 89.8 percent on a year-to-year basis, ministry officials said.

In assessing the latest monthly trade statistics, the officials cited price-induced brisk crude oil imports as well as a seasonal factor as sparks slashing the trade surplus. "Exports are usually slow in January after a rush of exports in December before the new year holiday," one official said. Exports fell 3.8 percent from a year earlier to 18,622.2 million dollars for the fourth consecutive monthly drop.

Imports climbed 13.4 percent to an unadjusted 18,279.8 million dollars, registering a double-digit increase for six months in a row. Import growth was particularly notable in crude oil against the backdrop of a price surge, soaring 40.7 percent in value and accounting for 12.3 percent of the overall imports, the officials said. Crude oil prices averaged 18.50 dollars per barrel in January, up 39.3 percent from an average 13.28 dollars a year earlier. In terms of volume, however, crude oil imports were nearly flat from their year-earlier level.

On a seasonally adjusted basis, the trade surplus stood at 3,978.7 million dollars for the month, up from a revised 3,746.2 million dollars in December. After adjustment for seasonal factors, exports rose 3.1 percent to 22,593.5 million dollars, while imports went up 2.4 percent to 18,614.7 million dollars.

Japan's trade surplus with the United States, a target of U.S. criticism, dropped for the fourth straight month, slipping 26.1 percent from a year earlier to an inflation-unadjusted 2,196.9 million dollars, the ministry said. Exports to the U.S. fell 4.8 percent to 6,191.9 million dollars, while imports from the nation's largest trading partner grew 13.1 percent to 3,995.0 million dollars.

The officials attributed the drop in U.S.-bound exports chiefly to slack exports of cars, which fell 0.7 percent in value in a trend carried over from recent months amid increasing local production by Japanese automakers. U.S-bound exports were also weak in engines and semiconductor products, falling 31.0 percent and 16.8 percent, respectively.

On the import side, Japan purchased more U.S. lumber, office equipment including computers and aircraft than it did the year before. Imports of U.S. lumber rose 18.4 percent, while those of office equipment made in the U.S. jumped 41.9 percent. Imports of U.S. aircraft and related parts skyrocketed nearly 2.9-fold.

With the 12-nation European Community, Japan posted a surplus of 887.1 million dollars, down 45.4 percent from a year earlier. Exports to the EC rose 2.8 percent to 3,767.6 million dollars, while imports from the region grew at a faster tempo of 41.2 percent to 2,880.5 million dollars. The slower export growth was mainly because of sluggish auto exports, which slid 4.3 percent, the officials said. They credited the brisk growth in imports from the EC largely to robust imports of cars which showed a 2.5-fold increase and textile products which climbed 41.5 percent. Growth was also swift in imports of paintings from the EC, which soared 3.3-fold in a rise which the officials traced to active purchases of French arts.

With Asia, including China, Japan scored a deficit of 299.5 million dollars due partly to a slowdown in exports to China in the wake of China's austere policy on imports, the officials said. Japan posted a surplus of 402 million dollars with Asia in January 1989. Exports to Asia fell 6.6 percent to 5,064.4 million dollars, while imports from the area rose 6.9 percent to 5,363.9 million dollars. The balance of trade with China alone showed a deficit of 550.5 million dollars, widening from a deficit of 157 million dollars a year earlier. Exports to China tumbled 45.2 percent to 380.7 million dollars, while imports from that country rose 9.3 percent 931.2 million dollars.

On an overall basis, exports of cars and steel, two of Japan's main export items, contracted from year-earlier levels. Car exports fell 2.9 percent in value and 4.1 percent in volume. The officials traced the contraction gap to a shift among Japanese auto exporters toward more value-added, higher-priced cars. Steel exports dropped 21.9 percent in value in a decline attributed to strong domestic demand and weakening demand abroad, the officials said.

Besides crude oil, import growth was particularly brisk in autos, which posted a 3.1-fold upsurge thanks to an imported car boom in Japan.

In January, the ministry used an average exchange rate of 144.57 yen to the dollar in calculating exports, down from an average 125.88 yen a year earlier.

Imports were tallied on an average 144.36 yen, also down from 125.64 yen the year before.

Machine Tool Accord Talks With U.S. Begin

OW1402061990 Tokyo KYODO in English 1423 GMT 13 Feb 90

[Text] Tokyo, Feb. 13 KYODO—Japan and the United States started talks here on Tuesday for a review of a bilateral agreement on Japanese machine tool makers' "voluntary control" on exports to the U.S., government sources said.

The five-year agreement, implemented since 1987, calls for a review after three years. It covers six categories, including machining centers and numerically controlled lathes.

The two-day meeting in Tokyo is unlikely to lead to any revision of quantitative export quotas, since conditions in the U.S. machine tool industry have changed little in the past three years, the sources said.

"Voluntary control" was started following a complaint by U.S. makers about high import volumes.

Mandela Release Welcomed; Sanctions Remain

OW1302155490 Tokyo KYODO in English 1108 GMT 13 Feb 90

[Text] Tokyo, Feb. 13 KYODO—The Foreign Ministry on Tuesday welcomed the release from detention of South African black nationalist leader Nelson Mandela, but remained noncommittal on a relaxation of economic and diplomatic sanctions against Pretoria.

Acting Foreign Ministry spokesman Shigeo Takenaka, commenting on the prospect of a relaxation of restrictive measures on ties with South Africa, noted only that apartheid is still alive despite Mandela's release Monday after 27 years in jail. "We think that South Africa still has a long way to go in abolishing the apartheid system of racial discrimination," Takenaka said. "Therefore, whether we should start taking new steps or not with regard to South Africa we will consider from that standpoint," he said. The spokesman added that Japan is not, however, setting any concrete "conditions."

But Japan has previously pressed for a release of all political prisoners and the lifting of a national state of emergency, as well as the legalization of anti-apartheid organizations. Officials said last week that Japan is also waiting to see how sincerely the white-dominated government in Pretoria implements the promises it has made and how seriously it enters into negotiations with representatives of the black majority.

Japan maintains a high level of trade with South Africa, but restricts investment, bank lending, and trade in certain products such as computers. Official ties, meanwhile, are maintained only at a consular level.

Japan's position on sanctions after Mandela's release appears to parallel that of the United States, while British Prime Minister Margaret Thatcher has reportedly said she sees no further need to discourage investment in South Africa.

Firm To Help Bulgaria Boost Cement Output

OW0502201590 Tokyo KYODO in English 143[illegible] GMT 5 Feb 90

[Text] Tokyo, Feb. 5 KYODO—Nihon Cement Co. said Monday it would transfer its latest technology to Bulgaria to help the East European nation increase cement output. The company said it has entered into a contract with Bulgaria's Techno-Import-Export, a state-run trading company, to conduct feasibility studies on the proposed modernization of Devnya Cement Co.'s plant at Varna, an industrial city along the Black Sea coast. Findings of the survey will be submitted to the Bulgaria corporation by the end of this month.

The project calls for modernization of the two million-ton capacity cement plant into a factory with an annual capacity of three million tons, at an estimated cost of 20 billion yen.

Nihon Cement officials said the company, along with Japanese trading giants and International Finance Corp. (IFC), a World Bank affiliate, is considering the possible extension of about 10 billion yen in loans to the Bulgarian side.

A team of about 10 engineers from Nihon Cement will be sent to Bulgaria to design an up-to-date cement plant and give operational guidance to Bulgarian engineers. Nihon Cement will also furnish automation equipment to the Bulgarian corporation, the officials said.

When the project materializes, the new plant promises to be Bulgaria's No. 1 cement production base and possibly the nation's major foreign currency earner, they forecast.

Polish Economist Urges Joint Ventures

OW0702134190 Tokyo KYODO in English 1045 GMT 7 Feb 90

[Text] Tokyo, Feb. 7 KYODO—A Polish economic expert called on Japanese private companies on Wednesday to set up more joint ventures with Polish counterparts to help revive the crippled Polish economy.

Prof. Jan Bossak of the World Economic Research Institute of Warsaw's Central School of Planning and Statistics made the call in an interview with reporters in the Labor Ministry.

Bossak said joint ventures between Polish and Japanese private firms would produce economic benefits for both countries. He said about 80,000 Polish workers had worked in joint ventures between Poland and West European countries.

Prof. Bossak leads the six-member fact-finding government economic delegation which arrived in Japan on January 21 to research Japanese labor-management relations, labor affairs administration and work morale.

Referring to the fact-finding visits to five middle-sized machine building companies and cooperatives across Japan, Tadeusz Grzankowski, a mission member and an official of the Polish Labor ministry, said Japanese wage and bonus systems could be useful in promoting Polish economic reform.

The delegation will leave for Poland on Friday.

Poland Seeks Aid To Reduce Air Pollution

OW0702140090 Tokyo KYODO in English 0925 GMT 7 Feb 90

[Text] Tokyo, Feb. 7 KYODO—Poland has asked Japan for technical assistance in 12 areas aimed at boosting its environment protection, including reducing sulfide oxide (SO) emissions, government sources said Wednesday.

The Japanese Government, in response to the request, is expected to begin a feasibility study in the summer, at the earliest, the sources said. The requested aid, if

materialized, will be the first of its kind by the West's industrialized nation to an Eastern Bloc country, they said.

The sources said Poland is seeking Japan's cooperation in 12 areas, including desulfurizing coal and smoke from thermal power plants and replacing superannuated boilers at power plants. Poland aims to reduce SO missions, which are believed to be mainly responsible for air pollution, by 30 percent by 2000. Some 4.2 million tons of the harmful chemical is released in Poland annually, almost twice the amount as in Japan [words indistinct] times larger than Poland's.

Poland also intends to cut SO emissions by 60 percent over the long term, a plan which is expected to require 3 billion dollars to implement, the sources said.

The Polish request came after Prime Minister Toshiki Kaifu pledged 25 million dollars in aid in the next several years for the country during his trip to Poland in January.

Export-Import Bank Extends Loan to Hungary

OW0902112390 Tokyo KYODO in English 0824 GMT 9 Feb 90

[Text] Tokyo, Feb. 9 KYODO—The Export-Import Bank of Japan said on Friday that it has signed an agreement for a 5 billion yen bank-to-bank loan to National Bank of Hungary (NBH), Exim Bank officials said. This loan is part of the total of 400 million dollar trade insurance for Hungary, which Japanese Prime Minister Toshiki Kaifu promised to provide to that country during his visit there in January, the officials said. It was offered with Japanese commercial banks. NBH will use the loan to finance import of capital goods from Japan.

This is the second loan to NBH by the Exim Bank since May 1989, the officials added.

Agency To Promote East European Exchanges

OW1402001490 Tokyo KYODO in English 1314 GMT 13 Feb 90

[Text] Tokyo, Feb. 13 KYODO—The Economic Planning Agency (EPA) said Tuesday it will boost its information exchange with three East European countries through exchanges of economists.

The enhanced information exchange was agreed with Hungary, Bulgaria, and Czechoslovakia during a just-completed visit by an agency economic mission led by Deputy Minister Tsuneo Unno, agency officials said. The mission, which wound up a 10-day tour to the three nations on Sunday, conversed with such high-ranking officials as Bulgarian Prime Minister Andrey Lukanov and Hungarian Vice Premier Peter Medgyessy.

In the talks, Lukanov asked for financial assistance from Japan, a request the Japanese delegation responded to positively, the officials said.

They said the agency is planning to seek closer relations with not only Hungary, with which it has already established close experts' contacts, but also with other East Bloc nations such as Poland and East Germany.

Ozawa Says Kaifu To Remain Premier if LDP Wins

OW1302185590 Tokyo KYODO in English 1014 GMT 13 Feb 90

[Text] Tokyo, Feb. 13 KYODO—Ruling Liberal Democratic Party (LDP) Secretary General Ichiro Ozawa said on Tuesday that Prime Minister Toshiki Kaifu will retain the premiership if the party wins a majority in the House of Representatives in next Sunday's general election. Speaking to reporters at the Japan National Press Club, Ozawa said Kaifu will also attend a summit meeting of seven industrialized nations in the United States in July if the LDP wins the election.

He said the LDP wants to win a majority of at least 257 seats in the 512-seat lower house in the election, adding that about 235 party candidates already have good prospects of being returned to the lower house. He said the outcome for about 30 other candidates remains uncertain.

Ozawa said the LDP would hand over power to opposition parties if it loses a majority in the Lower House.

The four opposition parties—the Japan Socialist Party, Komeito, the Democratic Socialist Party (DSP) and the United Social Democratic Party (USDP) —are expected to move to form a coalition government if the LDP fails to win a majority in the Lower Chamber, Ozawa added. Ozawa urged voters to consider the retention of political stability in the 1990's and the 21st century when casting their vote. He said the election is crucial for the creation of the political framework of Japan and diplomatic relations with foreign countries.

Asked by a reporter whether the LDP has collected 30 billion yen in election funds from economic circles, Ozawa flatly denied the allegation but admitted the LDP suffers a shortage of election funds.

Following Ozawa's comments to the press Takashi Yonezawa, secretary general of the centrist opposition Democratic Socialist Party (DSP), said another lower house election is likely this year if Japanese politics is destabilized after the election. Yonezawa said there is a strong possibility Japanese politics will not remain stable. He said the LDP is expected to win between 247 and 267 lower house seats in the election. He also said it is next to impossible for the four-party coalition government to be set up unless the JSP drastically changes four key policies in the areas of the Japan-U.S. Security Treaty, the self-defense forces, North and South Koreas and nuclear power stations.

Later in the day, Eishiro Saito, chairman of the Federation of Economic Organizations (Keidanren), expressed displeasure at the speech made by LDP Secretary General Ozawa who had complained that the party suffered a shortage of election funds due to a reluctance by economic circles to provide it with such funds. Saito said Keidanren had been making every effort to give its full-fledged financial support to the LDP.

LDP Candidate Hamada Attacked, Injured

OW1302150190 Tokyo KYODO in English 1434 GMT 13 Feb 90

[Text] Chiba, Feb. 13 KYODO—Koichi Hamada, a ruling Liberal Democratic Party candidate for the February 18 House of Representatives general election, was attacked and injured Tuesday night by a club-swinging man, police said. Police said Hamada was hit on the head with a bar after a local rally in his constituency in Kimitsu, Chiba Prefecture, and was taken to hospital. Doctors said his head wound needs some 10 days to heal.

Police said they arrested the unemployed attacker, identified as Minoru Uzawa, 27. There was no apparent motovation for the attack.

Police said the weapon was a toy policeman's club.

Hamada, 61, has been elected to the Lower House from the prefecture six times and served as defense and agriculture vice minister.

LDP Official Stresses Need for Simple Majority

OW1402065890 Tokyo KYODO in English 1034 GMT 13 Feb 90

[Text] Toyama, Feb. 13 KYODO—A senior official of the ruling Liberal Democratic Party (LDP) said Tuesday his party would have to gain at least a simple majority of 257 seats without the help of conservative independents in the February 18 election for the 512-seat House of Representatives if it is to ensure political stability.

Hiroshi Mitsuzuka, chairman of the LDP's Policy Research Council, told a press conference here that the LDP will face a tough time in the Diet after the election over the supplementary budget bill for Fiscal 1989, the Fiscal 1990 budget, the LDP's proposed revision of the Consumption Tax, and bills designed to kill the tax to be submitted by the opposition camp.

The less powerful House of Councilors is controlled by the opposition following the LDP's defeat in the election last summer.

Mitsuzuka, a senior member of the LDP faction led by former Foreign Minister Shintaro Abe, also said that trade talks with the United States such as the Structural Impediments Initiative will intensify after the election. He said political stability is necessary in tackling such issues and that this could be achieved by securing a majority in the Lower House with candidates on the LDP ticket.

Prime Minister Toshiki Kaifu has said that he will step down if the LDP fails to gain a majority including conservative independents who would join the party after the election.

Caller Threatens To Blow Up Doi's Plane

OW1402052890 Tokyo KYODO in English 0455 GMT 14 Feb 90

[Text] Takamatsu, Feb. 14 KYODO—Police said they fielded a bomb threat from a telephone caller who said he would blow up a domestic flight that carried opposition leader Takako Doi and 129 others to Takamatsu Wednesday morning. The threat to Japan Air System Flight 391 bound for Takamatsu from Tokyo's Haneda Airport was received at the airline's Osaka branch at around 9:35 AM, about 15 minutes before the flight landed safely at Takamatsu, police said.

Airport officials combed the inside of the plane after it landed but found no sign of explosives, they said. Police said the bomb threat was harassment but said they would continue to investigate.

Doi, chairowman of the Japan Socialist Party (JSP), was on her way to Takamatsu to support a local party member candidate running in Sunday's general election. The incident caused the flight to return to Tokyo about 15 minutes behind schedule, airport authorities said.

Analysts See Continued Postelection Uncertainty

OW1302135690 Tokyo KYODO in English 0931 GMT 13 Feb 90

[By Hideharu Torii]

[Text] Tokyo, Feb. 13 KYODO—Next Sunday's Diet election will not resolve political uncertainty in Japan, according to analysts. The uncertainty will remain, they said, until the nation's major political parties reorganize their support bases.

Yoshiaki Kobayashi, assistant professor of political science at Keio University in Tokyo, said support is disintegrating for both the ruling Liberal Democratic Party (LDP) and the largest opposition party, the Japan Socialist Party (JSP).

The ruling party, in power without interruption since 1955, triumphed in the dual election of both houses of the Diet in 1986, taking 304 of the 512 seats in the more powerful House of Representatives. It goes into Sunday's election defending that majority against the background of its drubbing by the opposition in last summer's vote for the House of Councillors.

Kobayashi said pragmatic conservative voters, especially young people and women, were angered at the LDP's introduction of the consumption tax and voted for the

JSP last summer only because the socialists opposed the tax. The number of votes the LDP garnered in the upper house elections in the proportional representation sector fell from 22 million in 1986 to 15 million in 1989, while those for the JSP doubled from nine million to 19 million.

Of 1,044 voters surveyed who had voted for the LDP in the 1986 upper house election, only 48 percent voted for the same party in the 1989 upper house election, while 28 percent voted for the JSP, according to a poll conducted by Ikuo Kabashima, assistant professor of political science at Tsukuba University. Kobashima said uncommitted voters, which he calls "buffer players," will play a key role in deciding the outcome of Sunday's poll for the House of Representatives. These buffer players have been of crucial importance in both of the last two Diet elections, he said. They reacted sharply to the issues of the consumption tax, the Recruit influence-buying scandal, and the liberalization of farm products in last year's Upper House election, he said. Kabashima said "buffer players" would favor an LDP-led government under parity between the LDP and the opposition camp. "They are passive supporters of the LDP and expect stability and consistency of policy, but do not want the LDP to become arrogant," he said. "Buffer players" are mainly younger people in their 20s and 30s, people with a higher education, housewives, and those who are engaged in the service industry, he said.

Yuzo Yabuno, political science professor at Kitakyushu University, said the 1989 Upper House election was the first in which a decisive role was played by issue-oriented voters, compared with those who simply vote along party lines. He pointed to a widening gap between voters' demands and the responses of political parties. This is due to a structural change in Japanese industry, he said. The introduction of the consumption tax was an inevitable decision for the governing party, he said. When a nation's main industry shifts to the service industry, tax revenues will not increase without a rise of the ratio of indirect tax, because the number of self-employed persons increases, Yabuno said. The LDP became a "catch-all party" by realizing voters' political demands concerning their living standards in the mid-1960s, when Japan's economy expanded rapidly. The oil crisis and the shift in the industrial structure from the manufacturing industry to the service industry in the 1970s triggered frictions between the LDP and its support base, however, Yabuno said. Those who are engaged in the service industry exceeded 50 percent of Japan's work force in 1973. The Recruit scandal, which forced Prime Minister Noboru Takeshita to step down last year, was very symbolic because a giant information conglomerate played a leading role in the bribery case, he said. Trade unions, the JSP's traditional support base, have also weakened because organizing workers in the service industry is difficult, he said. Administrative reforms carried out by the government of former Prime Minister Yasuhiro Nakasone from 1982 to 1987 also caused a "twist" between the LDP and its loyalists, he said.

Yabuno compared Nakasone's administrative reforms with "neoconservatism" in the United States and Britain in the 1980s following changes of power in those countries. But the LDP's policy change to "a little government" did not involve a power shift, he said. Moreover, as a result of the huge trade surplus with the United States, Washington is demanding the opening up of Japan's agricultural market. If the LDP yields to this pressure, it will lose its traditional support base in rural areas, he said.

Yabuno also pointed to the growing gap in assets which resulted from skyrocketing price rises of land in the 1980s in the wake of the Nakasone administration's policy of utilizing the vitality of the private sector. The price of a detached house in Tokyo averaged 83.61 million yen in 1988, while a piece of land in Tokyo that was worth 78 million yen in 1982 jumped to 260 million yen in 1987, according to a government report issued last November. It has become impossible for young couples to acquire a detached house in Tokyo, and the gap between those who own land and those who do not is a serious problem, the report said. Voters are uncertain which party best represents their interests, but will choose the LDP for the time being because the opposition has failed to show it has the ability to govern, Yabuno said.

Union Struggling To Unite Opposition Parties

OW1302181990 Tokyo KYODO in English 1028 GMT 13 Feb 90

[Text] Tokyo, Feb. 13 KYODO—Rengo, Japan's largest labor union organization, has been working feverishly to unite the nation's four main opposition parties ahead of Sunday's election, but its efforts are apparently destined to fail.

The Japan Socialist Party (JSP), Komeito, the Democratic Socialist Party (DSP) and the United Social Democratic Party (USDP) remain at odds over key policies with time running out to form the consensus considered necessary to capture a majority in the 512-seat Lower House election. The inability of opposition parties to narrow their differences concerning the Japan-U.S. Security Treaty, the Self-Defense Forces, policy toward the two Koreas and nuclear power stations have left many voters with impression that their only alternative is to continue supporting the ruling Liberal Democratic Party (LDP).

Akira Yamagishi, chairman of the eight million strong Japanese Trade Union Confederation (JTUC-Rengo), has urged the four opposition parties to present common policies to Japanese voters to convince them that they are capable of setting up a coalition government should the LDP lose its lower house majority. Yamagishi brought the leaders of the four parties together on January 24 for a summit, but the goal of a united opposition front to topple the LDP's 35-year grip on power remains elusive.

Masaru Tomita, a chief Rengo election campaigner, said he regrets that the opposition parties have not yet found common ground but is not giving up hope. "If the four-party coalition government comes true, regular changes of governments will become possible", he predicted.

Rengo is supporting candidates of the four parties in 18 prefectures and has succeeded in bringing together two other trade union centers—Sohyo center and Yuaikaigi—to improve the chances of winning a majority in the lower house. Sohyo center and Yuaikaigi, respectively affiliated with the JSP and the DSP, have clashed until recently due to differences over their particular visions of socialism and social democracy.

Political analysts remain pessimistic regarding the odds that a four-party opposition coalition government will become reality. The JSP has failed to field the 180 candidates in the election which they said were the key to opposition parties winning the election, analysts said. The four opposition parties are fielding a total of 256 candidates and are recommending 17 candidates, just 16 more than the 257 needed for a majority in the lower house.

Despite the gloomy outlook for the opposition, Akenobu Unno, a high-ranking JSP official, said, "The four opposition parties have the possibility of winning the election," adding he believed they will patch up their differences in time to unseat the LDP. Unno also said the LDP expects Rengo to play a major role in coordinating the four parties ever if they fail to form a coalition.

Prof. Fukuji Taguchi of Nagoya University supports Unno's view, saying that Rengo will continue to be a vital force in promoting political coordination among the four parties in drive for a coalition government after the general election. Rengo leaders try to make the election a springboard to reorganize Japanese politics, which they say will pave the way for realizing a two-party system in Japanese politics.

Yamaguchi To Propose Revision of JSP Platform

OW1402002890 Tokyo KYODO in English 1249 GMT 13 Feb 90

[Text] Nakatsugawa, Gifu Pref., Feb.13 KYODO—Tsuruo Yamaguchi, secretary general of the Japan Socialist Party, said here Tuesday the party will propose at its next national convention in April revision of its platform criticized by the conservatives for calling for a "socialist revolution."

Speaking to reporters during his stumping tour for the February 8 House of Representatives elections, Yamaguchi said steps will be taken to revise the preamble of the platform, which contains the phrase "socialist revolution."

"Social democracy based on pacifism and internationalism" will be one of the five new pillars of the document after the revision, he said. The other four pillars of the revised platform would be: "National party open to the people," "freedom and democracy," "fairness and equality" and "human rights and coexistence," he said. The new platform will make it clear that the JSP is a party which honors all these ideas and values, he said.

In a separate news conference in Nagaoka, Niigata Prefecture, JSP Chairwoman Takako Doi also said that the party is planning to revise party documents mentioning "socialist revolution" to prevent further misunderstanding.

Italian Design for Kansai Airport Revealed

OW0202152590 Tokyo KYODO in English 0729 GMT 2 Feb 90

[Text] Osaka, Feb. 2 KYODO—Kansai International Airport Corp. revealed Friday the basic design of the new international airport's terminal building, which places emphasis on amenity and outlook. The company has adopted the construction concept of Italian designer Renzo Piano through a design competition.

Yoshio Takeuchi, president of the airport corporation, said: "This is a good example of Japan's efforts to open the construction market. The building will be a world-class artistic architectural structure Japan can be proud of."

The 130 billion yen passenger building featuring a spacious atrium will be 1,660 meters long with a total floor area of 300,000 square meters. The new international airport is to open in the spring of 1993. The departure and arrival gates for both international and domestic lines will be housed in the same building to facilitate transfers.

The firm plans to decide the contractor for the building through international bidding, and to start the construction within the year.

Mongolia

Sodnom Does Not Rule Out Multiparty System

OW1402110890 Ulaanbaatar International Service in English 0910 GMT 14 Feb 90

[Text] Mongolian Prime Minister Sodnom has met activists of youth organizations and representatives of Ulaanbaatar youth in the Palace of Science and Culture. He informed the meeting participants of the process of renewal and reconstruction, today's state of the country's development, and further prospects of the country's economic development.

Mr. Sodnom defined the clear objectives of the country as streamlining the entire national economic structure and the mechanism of economic management, export and import, and insurance of a balanced development of economy.

He said that the open door policy announced at the latest seventh party plenum is wholly directed at removing the disbalance in export and import. Furthermore, he noted, that in the nearest five to 10 years, particular attention will be given to spotting new mineral deposits as well as their effective utilization.

Answering questions from meeting participants, Mr. Sodnom has confirmed the intention of the government to search ways of constructive cooperation with informal organizations and movements. He announced that a decision has been passed to provide the informal organization, the Mongolian Democratic Association, with the right to choose one of the halls in the Central (Turbulan) Culture Palace or in the Youth Culture Center for holding its Constituent Congress slated for February 18.

The head of the Mongolian Government has acknowledged the existence of dissident informal organization as genuine political forces which to all appearance in the future will be reorganized into a political party. At the same time he did not rule out the possibility of switching to a multiparty system.

Official Indicates Adoption of Multiparty System

OW1302153190 Tokyo KYODO in English 1459 GMT 13 Feb 90

[Text] Ulaanbaatar, Feb. 13 (KYODO)—A senior official at the Mongolian Foreign Ministry indicated Tuesday that the Mongolian People's Revolutionary Party (MPRP) will end its 70-year monopoly on power and introduce a multiparty system.

Director Chimiddorj of the Foreign Ministry's Culture and Public Information Affairs Bureau told Japanese reporters that the Communist Party's Central Committee meeting will be held from March 20 to discuss a new party draft platform containing democratic reforms.

The new policy will be formally adopted at the party convention to be held in November, initially scheduled in June next year, according to Chimiddorj. The Mongolian Democratic Union was founded last November by dissidents to press demands for what it termed a "Mongolian perestroyka."

On January 21, some 7,000 Mongolians organized by the union defied a government ban and demonstrated in the capital, Ulaanbaatar. Chimiddorj said that the union is not an official organization but added that emergence of various groups has reflected growing democracy in Mongolia. He also acknowledged that the landlocked country is headed for a society with political pluralism.

Pointing to the pivotal role of the Soviet Communist Party's Central Committee which renounced the party's monopoly on power, Chimiddorj stressed the necessity for the MPRP to modernize itself.

The People's Great Hural, the nation's parliament, will be held from March 21 to discuss measures to democratize the election system, Chimiddorj added.

Mongolian leader Jambyn Batmonh will pay an official visit to Beijing in May to restore strained bilateral relations, Chimiddorj said. Relations between the two communist parties deteriorated after the MPRP sided with the Soviet Union during the long-term cooling of relations between Moscow and Beijing.

Mayor, MDA Leaders Discuss 18 Feb Congress

OW1402121990 Ulaanbaatar International Service in English 0910 GMT 14 Feb 90

[Text] The mayor of Ulaanbaatar, Monhjargal, has met with leaders of the Coordinating Council of the Mongolian Democratic Association [MDA]. The subject of discussion was the response of the Mongolian Democratic Association to the city authorities to assist in holding the Constituent Congress of the Association on February 18.

Monhjargal noted that the position of city authorities in relation to new initiative movement remains unchanged; that is, it corresponds with the spirit and ideas of the recent open letter of the Mongolian People's Revolutionary Party Central Committee addressed to members and candidate members of the Party and the entire Mongolian people that has confirmed the striving of the country's political leadership to cooperate with all forces coming out for renewal and reconstruction of the society.

Monhjargal informed the Association leaders of his plan for the related organizations on granting transport means, accommodation, and necessary equipment during the congress.

Army Paper on Activities During Perestroyka

OW1302081790 Ulaanbaatar MONTSAME in Russian 1452 GMT 7 Feb 90

[Text] Ulaanbaatar, 7 Feb (MONTSAME)—The Army newspaper ULAAN OD today published the "Concept of the Activities of the Mongolian People's Army (MPA) During the Perestroyka Period."

The document consists of 10 sections concerning the renewal of the Army's structure and organization, raising its combat readiness and capability, and improving the quality of party and political work, military jurisprudence, rear services, and cadre policy.

The preamble to the concept notes that the main task of restructuring and renewing the Army lies in perfecting its structure and organization and rationally carrying out its activities in accordance with a single policy developed on a scientific basis.

Since its creation, it says, the Mongolian People's Republic has solved its defense problems on the basis of help and support from the Soviet people. It will continue

to adhere to this policy in the future, enriching and developing cooperation with new contents and forms.

Proceeding from the propositions and requirements of the new defense doctrine, the concept envisages changes in the organizational structure of some types and branches of forces and the modernization of equipment and weapons. At the same time, it says, the number of personnel in the Army will not be increased.

The concept emphasized that one of the key questions in perfecting the training of personnel lies in improving organization, quality, and efficiency.

In the process of gradually modernizing arms and combat equipment, some technical means will be transferred to the national economy.

Along with strengthening one-man management, the concept envisages developing and deepening democracy and glasnost in the activities of army, political, party, and public organizations. In addition, a center for studying public opinion among servicemen will be established under the MPA Political Administration, a new draft law on defense will be elaborated, and all four military charters and the law on universal military service will be renewed.

In cadre policy, great attention will be devoted to training the officer complement within the country and decreasing the number studying abroad.

Tasks faced at the contemporary stage of development of the armed forces will be solved on the basis of modern achievements of science and technology, the document stresses.

Official Discusses Improving Economic Ties

OW1402020690 Tokyo KYODO in English 0143 GMT 14 Feb 90

[Text] Ulaanbaatar, Feb. 14 KYODO—Mongolia wants to boost its economy by improving ties with the Soviet Union, China and the West, a senior Mongolian official said late Tuesday. The nation also is planning to draw up a foreign investment protection law to help guide economic development, said Namjim, vice first chairman of the State Planning and Economic Committee.

Namjim said in an interview with KYODO NEWS SERVICE that Mongolia attaches importance to ties with Japan, which he said accounts for 40 percent of Mongolia's trade with the West. Mongolia trades mostly with the Soviet Union and China, which together account for 97 percent of Mongolia's external trade.

Namjim said Mongolian Premier Dumaagiyn Sodnom plans to call for closer economic cooperation with Japan during his visit there later this month.

Sodnom, scheduled to arrive in Tokyo on February 27, will be the first incumbent Mongolian prime minister to visit Japan.

Namjim cited refinery of mineral resources, livestock processing and electronics as areas where Japanesse businesses would be encouraged to invest in Mongolia.

Namjim, who also serves as chairman of Mongolia-Japan Economic Committee, gave high marks to the Japanese model of economic development by integrating planning and market principles. He said Mongolia will take a gradual approach in shifting from a planned economy to market economy and will shun the Chinese example of quick-paced economic reform.

Haste will destabilize the balance in supply and demand, he said.

Party Delegation Leaves for Visit to PRC

OW1302121190 Ulaanbaatar International Service in English 0910 GMT 13 Feb 90

[Text] A Mongolian Party delegation led by Mr. Rinchin, head of a department of the Mongolian People's Revolutionary Party Central Committee, has left Ulaanbaatar for Beijing to pay a visit to China at the invitation of the Communist Party of China Central Committee.

Prosecutor To Investigate Tsedenbal's Activities

OW1402112890 Ulaanbaatar International Service in English 0910 GMT 14 Feb 90

[Text] The Public Prosecutor Office of Mongolia has decided to investigate the activity of former party and state leader of Mongolia Yumjaagiyn Tsedenbal. The decision was passed in view of the numerous articles in the central press on Tsedenbal's activity and letters and information of the working people exposing Tsedenbal's abuse of power and deformation [as heard] of law and order.

North Korea

Joint Meeting Adopts Letter to South Parties

SK1402051190 Pyongyang Domestic Service in Korean 0300 GMT 14 Feb 90

[Text] A second joint meeting of the representatives of the DPRK Government and political parties was held.

At a time when all the working people across the country, encouraged boundlessly by the great leader Comrade Kim Il-song's new proposal for national reunification, are vigorously struggling with a bright prospect for turning the nineties into an era of reunification and when the reunification movement is expanding more than ever among the people from all walks of life in South Korea, a second joint meeting of the representatives of the DPRK Government and political parties was opened today in Pyongyang.

Attending the meeting as representatives were the functionaries of the Worker Party of Korea Central Committee, the Korean Social Democratic Party Central

Committee, the Chondoist Chongu Party Central Committee, the Central People's Committee of the DPRK, and committees and departments of the State Administration Council.

There was a serious discussion in the meeting over the agenda item "on measures to be taken immediately to realize the proposal to convene a North-South top-level conference in which the heads of the authorities and the leaders of the political parties will take part," which was brought up for discussion.

First, the joint meeting noted, with satisfaction, the fact that the new save-the-nation proposal for national reunification presented by the great leader Comrade Kim Il-song in his New Year's address is now fully supported by the broad range of compatriots in the North and South and abroad, which is provoking a storm-like repercussion among the governments, political parties, public organizations, and figures of all social standings in all the countries throughout the world, reaffirming, once again, the vitality of the new proposal for national reunification.

The joint meeting directed great attention to the reaction of the South Korean political circles to the letter sent to the heads of the South Korean authorities and the leaders of the political parties in which it was proposed to hold a North-South consultative conference to achieve the realization of the new proposal for national reunification, and then analyzed and examined a reply letter from the South Korean authorities dated 1 February.

Paying profound attention to the fact that the delivery of our letter to those who are invited to participate in the consultative conference was followed by a realignment of the political structure in South Korea and that the opposition party and off-stage forces are actively on the move to form a new political party, the joint meeting expressed a more optimistic stand on the prospect for the convening of a consultative meeting.

On the basis of a thorough analysis of the change in the situation concerning the convocation of a conference, the joint meeting decided to promote the convocation of a North-South consultative conference aimed at realizing the new proposal for national reunification more positively and seriously discussed measures to be taken for this purpose.

In response to the unanimous call from the representatives of the government and political parties, the joint meeting has decided to send to the South Korean authorities and the heads of the political parties a letter reflecting our principled stand on the proposal for convening the consultative conference and new positive measures for it. The letter to be sent to South Korea was unanimously adopted at the joint meeting.

The joint meeting has decided that Comrade Yon Hyong-muk, premier of the DPRK State Administration Council, will, with authorization, send the adopted letter to No Tae-u, president of South Korea and chairman of the leadership of the Democratic Liberal Party, Prime Minister Kang Yong-hun, and Kim Tae-chung, president of the Party for Peace and Democracy

Clarifying that the door to the consultative meeting is open to the political parities to be formed in South Korea, the joint meeting expressed an expectation for their effort toward and role in achieving the independent and peaceful reunification of the country.

In conclusion, the joint meeting expressed a firm resolve to unfurl a bright new vista on the road to the independent and peaceful reunification of the country by arranging a North-South consultative meeting at any cost before the end of this year, the beginning of the nineties, and, at the same time, a hope that the responsible politicians in South Korea will make every sincere effort to successfully convene a North-South consultative conference for the realization of the new proposal for national reunification, transcending the differences in their thoughts, political views, and assertions.

Yon Hyong-muk Sends Message to Kang Yong-hun

SK1402052590 Pyongyang Domestic Service in Korean 0320 GMT 14 Feb 90

[Telephone message to Kang Yong-hun, South Korean prime minister, from Yon Hyong-muk, premier of the DPRK State Administration Council, conveyed 14 February]

[Text] To Kang Yong-hun, Prime Minister of the ROK [taehan minguk]:

I will dispatch two liaison men to the conference room of the Neutral Nations Supervisory Commission in Panmunjom at 1500, Thursday, on 15 February 1990 to deliver letters to you. I hope that your side will respond accordingly.

[Signed] Yon Hyong-muk, premier of the DPRK State Administration Council
[Dated] 14 February 1990

Emergency Meeting of Liaison Committee Held

SK1402053890 Pyongyang KCNA in English 0504 GMT 14 Feb 90

[Text] Pyongyang February 14 (KCNA)—An emergency meeting of the Executive Committee of the International Liaison Committee for the Reunification and Peace of Korea was held in Paris on February 10.

The meeting discussed the following agenda:

1. Measures to launch an international solidarity movement supporting the new reunification proposal for removing the concrete wall and realising free travel and full-scale open door between the North and the South.

2. Measures to intensify an international campaign for the release of Yim Su-kyong and other South Korean democrats under detention.

The opening address was made by Francisco da Costa Gomes, honourary chairman of the International Liaison Committee and former president of Portugal.

He said that President Kim Il-song of the democratic People's Republic of Korea put forward an epoch-making proposal for removing the concrete wall dividing Korea into North and South, realising free travel and opening all doors between the North and the South in order to bring about a new phase in achieving peace and reunification on the Korean peninsula.

Far from accepting this proposal, the United States and the South Korean authorities started the "Team Spirit-90" joint military maneuvers, aggravating the situation on the Korean peninsula, he noted.

Guy Dupre, secretary general of the International Liaison Committee, made a report on the first agenda item and lawyer Norbert Dornier, delegate of the International Association of Democratic Lawyers, a report on the second item.

The reports were followed by speeches.

In his speech, Willy Burgeon, honourary chairman of the International Liaison Committee, member of the bureau of the Belgian Socialist Party and chairman of the Vallon District Council of Belgium, said that the proposal for removing the concrete wall and realising free travel and full-scale open door between the North and the South is a very realistic and bold proposal reflecting the demand of our time for peace, detente and disarmament.

He expressed full support to the proposal of the secretary general of the International Liaison Committee for dispatching international fact-finding groups to both sides of the military demarcation line and making public the truth to the world opinion, considering it most important to lay bare the false propaganda of the South Korean authorities that "there is no concrete wall."

It is necessary to bring pressure to bear on the U.S. authorities directly responsible for the settlement of the Korean issue and, to this end, it would be good to take measures to arouse West European countries and lawmakers, he stressed.

In his speech, Roger Dafflon, honourary chairman of the International Liaison Committee, former mayor of Geneva and member of the Political Bureau of the C.C. [Central Committee], the Workers' Party of Switzerland, said: It is imperative to launch an international campaign in real earnest for the cancellation of the unreasonable verdict on Yim Su-kyong and the release of the jailed democrats. What is important here is to strengthen work with the Human Rights Committee of the United Nations, the Amnesty International and other international human rights organizations and rouse broad public opinion worldwide.

Retired General of Greece George Pattas, honourary chairman of the International Liaison Committee and chairman of the West European Committee for the Reunification and Peace of Korea, said that as far as the concrete wall is concerned, it is necessary to put pressure on the United States and the South Korean authorities.

Andre Aubry, secretary of the West European Committee for the Reunification and Peace of Korea, said in his speech that it is important to strengthen relations with international religious organizations and make them lift up voices in support of the reunification of Korea.

Doerner Charles, secretary of the Luxembourg-DPRK Friendship Association, said in his speech: The United States and the South Korean authorities are staging such nuclear war exercises as "Team Spirit 90" going against the desire of the world people for peace and detente. This is a flagrant challenge to the DPRK which is making sincere efforts for the reunification of the country.

Speaking next, Luis Perez Lara, chairman of the Spanish Association for Friendship and Solidarity with the Korean People, called on all countries to launch an extensive campaign for the release of Yim Su-kyong on the occasion of March 8, the International Women's Day.

Valerie de Poulpiquet, delegate of the International Committee of Jurists for Democracy and Human Rights in South Korea, said in his speech that it is important to take concrete measures at the meeting for the cancellation of the unreasonable sentence on student Yim Su-kyong and Father Mun Kyu-hyon and their release. He called for waging more courageously a signature campaign for the release of Yim Su- Kyong on an international scale.

A resolution of the emergency meeting and an appeal to the governments, parliaments, political parties and public organizations of all countries and international organizations were adopted at the meeting.

An information [as received] of the Secretariat of the International Liaison Committee to Organizations in Different Countries for Friendship and Solidarity With the Korean people was read out at the meeting.

A closing address was made by Secretary General Guy Dupre.

Comment on Quayle's Remarks on Nicaragua, Cuba

SK1402065090 Pyongyang KCNA in English 0533 GMT 14 Feb 90

[Text] Pyongyang February 14 (KCNA)—U.S. Vice-President Quayle, claiming that "democracy has been restored in Panama," said he hoped he could say it was restored in Nicaragua and then in Cuba.

In this regard NODONG SINMUN in a commentary today says this reveals the U.S. ruling quarters' scheme to repeat in other countries the criminal acts they committed in Panama under the cloak of "restoration of democracy".

Branding such moves of the U.S. imperialists as a mockery of the world public opinion denouncing their armed invasion of Panama and demanding the pullout of their troops from there, the news analyst says:

It is an anachronistic dream, if the U.S. imperialists think they can force their will upon others with strength and freely flout with others' destiny.

The Nicaraguan people who tightly hold their destiny in their hands do not want the restoration of the order of colonial domination of the U.S. imperialists and will never allow any interventionist moves of theirs.

Still less the Cuban people will do so, who are advancing under the uplifted banner of socialism.

"Restoration of democracy" cried for by the U.S. ruling quarters is a dangerous aggressive slogan for justifying their armed interventionist moves aimed at making the Western hemisphere "a tranquil backyard" of the Yankee empire. It shows the aggressive nature of U.S. imperialism as an international gendarme.

The U.S. imperialists' aggressive and interventionist moves against Latin American countries which aspire after independence, progress and peace will rather make themselves all the more isolated and rejected.

Kim Il-song Sends Funds to Koreans in Japan

SK1402104990 Pyongyang KCNA in English 1038 GMT 14 Feb 90

[Text] Pyongyang February 14 (KCNA)—The great leader President Kim Il-song sent educational aid fund and stipends amounting to 144 million yen (Japanese currency) to the compatriots in Japan for the democratic national education of Chongnyon.

This 114th instalment of educational aid fund and stipends sent by the great leader for the children of Koreans in Japan brought the total to 39,824,182,433 yen.

Friendship Gathering With PRC Held in Beijing

SK1102130790 Pyongyang Domestic Service in Korean 1300 GMT 6 Feb 90

[Text] On 5 February, the embassy of our country in China held a friendship gathering with functionaries of the Chinese Foreign Ministry.

Invited to the meeting were Chinese Foreign Minister Qian Qichen and other personages concerned. The ambassador of our country to China, Chu Chang-chun, and members of the embassy attended the meeting.

The participants saw the documentary film, "Dear Leader Comrade Kim Chong-il Gives Guidance on the Spot to the Construction of Pyongyang." A banquet followed. At the banquet, the ambassador of our country and the Chinese foreign minister made brief congratulatory speeches.

The participants toasted to the everlasting friendship and unity between Korea and China; to the good health and long life of the great leader Comrade Kim Il-song; to the good health and long life of dear leader Comrade Kim Chong-il; and to the good health and long lives of respected Comrades Deng Xiaoping, Jiang Zemin, Yang Shangkun, and Li Peng.

Korean-Soviet Science Cooperation Noted

SK1102131190 Pyongyang Domestic Service in Korean 1300 GMT 8 Feb 90

[Text] A film show and a subcommittee meeting were held yesterday in our country's embassy in the Soviet Union to mark the 35th anniversary of the signing of a science and technology coopertion protocol between Korea and the Soviet Union.

Invited were Mikhail Kruglov, deputy chairman of the Soviet State Committee for Science and Technology; vice chairmen of the Central Committee of the Soviet-Korean Friendship Association; Soviet scientists; and other functionaries concerned. Also attending were Kwon Hui-kyong, our country's ambassador to the Soviet Union, and officials of the DPRK Embassy.

The participants first watched the documentary film "The Looks of Our Country." Next, a subcommittee meeting was held, after which our country's ambassador and the deputy chairman of the Soviet State Committee for Science and Technology made speeches.

Those participating toasted to the long life and good health of the great leader Comrade Kim Il-song, to the long life and good health of dear leader Comrade Kim Chong-il, and to the long life and good health of respected Comrade Mikhail Sergeyevich Gorbachev.

Release of Mandela Hailed as 'Brilliant Success'

SK1402104690 Pyongyang KCNA in English 1034 GMT 14 Feb 90

["Racism Must Be Eliminated Completely"—KCNA headline]

[Text] Pyongyang February 14 (KCNA)—The racists must scrap all the evil laws including the "Law on Concentration Settlements" and unconditionally release all the political prisoners in South Africa.

If a true change is to be brought about in South Africa, racism must be eliminated completely.

MINJU CHOSON today says this, commenting on the release of Nelson Mandela, the leader of the African National Congress [ANC] of South Africa.

His release is a brilliant success achieved by the protracted, hard-fought struggle of the ANC and all other democratic forces of South Africa to liquidate racism and achieve democratic freedom and rights in South

Africa and is a common victory of the African countries and the world progressive people, the news analyst says, and continues:

His release does not mean the complete termination of the racist policy and the abolition of the apartheid in South Africa.

The South African racists do not take the trouble to conceal that they have no intention to effect a change in the racist system.

The malicious apartheid, the policy of racial discrimination and the repressive politics by the racists continue in South Africa.

All the fascist laws including the "Law on Concentration Settlements" and the "Law on Resident Registration" that constitute the pivot of the apartheid remain in force and the state of emergency continues. Many political prisoners are still suffering behind bars in South Africa.

Facts show that the racist clique are attempting to invariably pursue the apartheid under the cloak of "reforms".

KCNA Cites Support for Works of Kim Chong-il

SK1202104890 Pyongyang KCNA in English 1019 GMT 12 Feb 90

["Ardent Sympathy With Great Idea"—KCNA headline]

[Text] Pyongyang February 12 (KCNA)—The energetic ideological and theoretical activities of dear Comrade Kim Chong-il are enjoying ardent sympathy from among the world progressive people.

Comrade Kim Chong-il has developed in depth the immortal chuche idea with his rare intelligence, scientific insight, tireless thinking and inquiry. In the recent 10 years he published many immortal classical works including "On the Chuche Idea", "On Some Problems of Education in the Chuche Idea", "Let Us Advance Under the Banner of Marxism-Leninism and the Chuche Idea", "Let Us March Forward Dynamically Along the Road of Socialism and Communism Under the Unfurled Banner of the Anti-Imperialist Struggle" and "The Present Time and the Tasks of Young People" to scientifically elucidate the tasks and ways for the struggle for national liberation, class emancipation and human liberation and the struggle to check and frustrate the imperialists' policy of aggression and war and defend world peace and security, which are raised by our era.

Mass media of all countries of the world are widely propagandizing and disseminating the classical works of Comrade Kim Chong-il.

His works were carried by newspapers, magazines and bulletins of more than 80 countries and published in booklets in ten odd countries in 1988, the copies of which were more than 10 million.

The people who want to live in a new world, independent, peaceful and prosperous, free from all manner of domination and subjugation, aggression and war, are extensively conducting the work to deeply study and grasp the ideas and theories of the works.

The study is being briskly held not only on a national scale but on a regional, continental and, furthermore, worldwide scale.

25 national seminars, 34 joint seminars and many other seminars of study groups were held in 57 countries including Portugal, Japan, Mali, Venezuela and Sierra Leone in 1986 alone. Two international seminars were held and about 20 national seminars and more than 1,900 other seminars, lectures and short courses in over 80 countries in 1988.

Today the International Institute of the chuche idea, continental and regional institutes were formed and are active in the world, national committees were organized in scores of countries and more than 1,000 chuche idea study groups are active in over 80 countries.

The international institute of the chuche idea is publishing and distributing to more than 130 countries "Paekbong Library" containing the classical works of the great leader President Kim Il-song and dear Comrade Kim Chong-il and "Study of Chuche Idea", the magazine of the organ, in different languages and chuche idea study organisations in different countries are making many periodicals including the magazines "Study of Kimilsungism", "Road of Independence", the bulletin "The Age of Chuche" and the newspaper "CHUCHE IDEA" and disseminating them among broad masses.

More than 1,000 delegations of scholars from over 90 countries visited Pyongyang over the past 10 years to study the chuche idea. Among them are over 170 presidents and vice-presidents of universities.

Pak Song-chol Speaks at Pyongyang Meeting

SK1002120090 Pyongyang Domestic Service in Korean 0905 GMT 8 Feb 90

[Speech by Pak Song-chol, member of the Workers' Party of Korea Central Committee Political Bureau and vice president of the DPRK, at a meeting to mark the 30th anniversary of the creation of the Chongsan-ri spirit and method held at the People's Palace of Culture on 8 February—live]

[Text] Comrades: It has been 30 years since the great leader Comrade Kim Il-song gave the historic on-the-spot guidance to Chongsan-ri and created the Chongsan-ri spirit and method.

In February 1960, when a new turn was being effected in developing our revolution, the great leader Comrade Kim Il-song, who deeply perceived the demands of the newly created situation, visited Chongsan-ri, the most exemplary unit of our country's rural villages, stayed there for as long as 15 days, and created the Chongsan-ri

spirit and method by embodying the anti-Japanese guerrilla work method—the traditional work method of our party—thereby opening an occasion for a new upsurge in socialist construction. [applause]

At this touching moment, when our people have launched the grand march of the hope-filled nineties with new great ambition for and faith in the prosperity of the homeland, our people, with great revolutionary confidence and pride, significantly celebrate the 30th anniversary of the creation of the Chongsan-ri spirit and method and are overflowing with firm resolve to accelerate the revolution and construction while constantly adhering to this great spirit and method. [applause]

Comrades, the Chongsan-ri spirit and method are the idea and method for the guidance of the masses that our party firmly adheres to in socialist construction. The new circumstances under which a socialist revolution had been won in our country and socialist production relations had been dominating it in a monolithic manner urgently demanded that a wide range of workers be vigorously organized and mobilized into socialist construction by improving the work of the party and state organs and the work method and style of functionaries.

These demands of our developing revolution were brilliantly met by the great leader Comrade Kim Il-song's creation of the Chongsan-ri spirit and method through his historic on-the-spot guidance to Chongsan-ri. [applause]

The great leader Comrade Kim Il-song has taught: The Chongsan-ri spirit and method mean the shaping and development of our party's traditional revolutionary mass lines in conformity with the demands of the new realities of socialist construction.

The Chongsan-ri spirit and method fully embody the revolutionary mass lines of trusting the strength of the masses and solving every problem on the principle of the chuche idea that man is the master of everything and decides everything and with reliance upon the strength of the masses.

The basic spirit consistent in the Chongsan-ri spirit and method is to enhance the main force of the revolution and increase its role in every way.

The fundamental characteristics of the Chongsan-ri spirit and method are to deal with everything by giving top priority to the interests of the people, to share weal and woe with them by going among them, to solve every problem by relying upon their wisdom and strength, and to nurture the masses into more independent and creative beings by firmly rallying and uniting them around the party.

The Chongsan-ri spirit and method are the most superior work method that makes it possible to effectively manage and operate a socialist society and successfully accelerate socialist construction. [applause]

The Chongsan-ri spirit and method are a basic way for the working masses to thoroughly keep their stand of being the masters of the revolution and construction and to enhance their role as masters by embodying the principle of democratic centralism in managing and operating a socialist society and by correctly combining the party's leadership with revolutionary mass lines.

The basic contents of the Chongsan-ri method are for upper units to help lower units, for seniors to help juniors, to go down to sites and deeply get acquainted with realities, to find correct methods for solving problems, to give priority to political work—work with people, and to carry out revolutionary tasks by mobilizing the voluntary enthusiasm and creativity of the masses.

The Chongsan-ri method fully presents clear methods for solving all problems arising in the party's work and the guidance of the masses, ranging from the method of designing, organizing, and carrying out work in a socialist society to the method of meeting, conversing with, and enlightening people.

The Chongsan-ri spirit and method have inherited, deepened, and developed our party's traditional revolutionary work method created by the great leader Comrade Kim Il-song during the period of the anti-Japanese revolutionary struggle.

Viewing the question concerning relations with the masses as a fundamental question of the fate of the revolutionary organization from the initial period when he embarked early upon the road of the revolution, the great leader Comrade Kim Il-song created the chuche-oriented work method, the revolutionary people-minded work method of talking to the people when mapping out revolutionary lines, strategies, and tactics and of realizing them with reliance upon their strength and wisdom, while always living with them, overcoming ordeals and difficulties with them and sharing weal and woe with them. [applause]

From the instant our party was founded after the liberation, the great leader Comrade Kim Il-song came to lead the regime and raised the question of establishing a revolutionary work method from the initial period of the construction of a new society as one of the particularly important questions on the basis of his deep insight into the fact that many functionaries lacked the experience of the past revolutionary struggle and mass operations. Also, he saw to it that functionaries steadily staged the struggle against bureaucratism, the ideological legacy of the ruling class in the antiquated society, and for the establishment of a revolutionary people-minded work method and style.

As a result of the vigorous struggle against bureaucratism and for the establishment of a revolutionary people-minded work method and style, the relations of blood between the party and the masses were firmly guaranteed and the strength of the people was unanimously mobilized to win

victory in the war during the arduous period of the fatherland liberation war to defeat the U.S. imperialists' armed invasion. And amid piled-up ordeals after the war, the invincible unity and cohesion of the party and the masses were achieved and the socialist revolution and construction were successfully accelerated.

The great leadership traits of the respected and beloved leader Comrade Kim Il-song, who has most thoroughly personified the chuche-oriented standpoint toward the working masses and who has always pushed ahead with the revolution and construction together with them, have been clearly manifested by the method of on-the-spot guidance, which extends to every area in our country, every field of the revolution and construction, and our people's everyday life. Along the path of the leader's energetic on-the-spot guidance, our party's glorious tradition of the chuche-oriented work method has been steadily handed down and the Korean people's modern history filled with heroic events and exploits has been proudly unfolded. [applause]

The Chongsan-ri spirit and method are, indeed, the consummation of the experience of mass guidance which the great leader Comrade Kim Il-song has attained in the course of organizing and leading the work of the party, state, and military and the work in the political, economic, cultural, and other fields while continuing on-the-spot guidance over the entire period in which he has led our revolution and construction. The Chongsan-ri spirit and method are also the embodiment of this experience in conformity with the new historic condition in which a socialist system has been established. [applause]

Thanks to the creation of the Chongsan-ri spirit and method, our party has been able to lead with confidence a wide range of working masses to the resplendent future of socialism with the scientific and revolutionary idea and method of mass guidance, which make it possible to accelerate the revolution and construction by closely combining guidance with the masses and by fully giving play to the creativity of the general masses in conformity with the demands of a new historical era, in which the working masses have emerged as the masters of the world and have pioneered their fate in an independent and creative manner and in compliance with the intrinsic nature of a socialist system.

Since the creation of the Chongsan-ri spirit and method, our party has wisely organized and led the struggle to implement them. The work of distributing and generalizing the Chongsan-ri spirit and method was the very wide-scope and grand work of establishing anew the work system and method of the party and state economic organs and of reforming the ideological standpoint, work attitude, method, and style of functionaries in conformity with the demands of new circumstances in which the socialist reformation of production relations had been completed in urban and rural areas and in which a socialist system had been comprehensively established.

In generalizing the Chongsan-ri method, our party first of all concentrated great efforts on making functionaries of party and state organs go down to lower units and, in an orderly fashion, establish a work system in which they help the workers and masses there.

Our party has thoroughly turned the party's work into work with people. It has seen that central organs help provincial organs and provincial organs help county organs and in particular, that the functionaries of county organs, the lowest guidance unit of the party and state, constantly go down to basic production units and responsibly help lower units with work while directly organizing and executing the party's work and economic work with those functionaries on the spot.

The work of generalizing the Chongsan-ri method has been more vigorously carried out through the struggle to implement the revolutionary mass lines in the guidance and management of socialist economy.

The respected and beloved leader Comrade Kim Il-song has established the great Taean work system, a new farming guidance system, and a scientific planning system, generalizing his experience of the historic on-the-spot guidance to Chongsan-ri. Thus, he has opened the most correct way for solving the problem concerning economic guidance and management in a scientific and revolutionary manner in conformity with the intrinsic nature and demands of developing realities. [applause]

The Taean work system—the most superior socialist economic management system in which plants and enterprises conduct all management activities under the collective guidance of party committees and perform the assigned revolutionary tasks by giving priority to political work and by stirring up the producing masses and in which upper units responsibly help lower units—is a brilliant embodiment of the Chongsan-ri spirit and method in economic guidance and management.

As the chuche-oriented economic management systems, including the Taean work system, have been comprehensively established, the principle of socialism has been thoroughly embodied in economic guidance and management, and political guidance has been correctly combined with economic and technological guidance, the unified guidance of the state with the creativity of each unit, democracy with unitary command, and political and moral incentives with material incentives. Thus, the superiority of the socialist planned economy has been fully demonstrated without any deviation in the field of economic management. [applause]

The struggle to embody the Chongsan-ri spirit and method has been further deepened through the course of imbuing the entire society with the chuche idea.

In the seventies, our party set forth the revolutionary slogan "Production, study, and life—all in the manner of anti-Japanese guerrillas" and the policy of all functionaries going among the masses as the commanders of the Korean People's Revolutionary Army did during the

period of the anti-Japanese armed struggle and took measures to thoroughly overcome the antiquated style in the party's work and drastically renew the party's work fashion. This slogan and policy and these measures have served as a firm guideline for our functionaries to thoroughly embody the Chongsan-ri method by actively following the great leader's work method with the attitude of being the commanding personnel of the chuche-type party.

The course of the historic struggle to embody the Chongsan-ri spirit and method has been a rewarding process in which constant upsurges have been effected in all fields of socialist construction by constantly generalizing an example created at a unit.

Ever since the time when he visited a small and artless farm house in Chongsan-ri and consulted about farm work with farmers there, sitting knee to knee with them, the great leader Comrade Kim Il-song not only has led the farmers in Chongsan-ri to develop Chongsan-ri into an industrialized and modernized socialist farm village through the conduct of constant on-the-spot guidance there, but has also seen to it that the experience attained in Chongsan-ri has been generalized in all farm villages throughout the country so that the farm villages vigorously accelerate the overall socialist rural construction and agricultural production. The vitality of the Chongsan-ri spirit and the Chongsan-ri method has already been clearly proven in the practical struggle to accelerate our revolution and construction. The invincible truth of the Chongsan-ri spirit and method has been demonstrated higher with each passing day. [applause]

On the strength of the struggle to embody the Chongsan-ri spirit and the Chongsan-ri method, a new change has been effected in the work of party organs and state economic organs in particular. On the course of thoroughly embodying the Chongsan-ri method in the overall fields of party work, the old and conventional-type work method and the bureaucratic work habits—which obstructed the development of party work in the past for a long time—have been completely surmounted; and the revolutionary party work system and the revolutionary and people-oriented work method and work style have also been firmly established. Thus, as a leading political organization of our society both in name and reality our party has been further strengthened and developed as the genuine representative safeguarding the popular masses' independent rights and interests and as the organizer and guide of all victories.

The mass line has been extensively embodied in the work system and the activity method of state and economic organs. As a result, the function and role of the people's power have been enhanced, socialist democracy has been thoroughly realized in all fields of social life, and a revolutionary change has been effected in the guidance and management of the socialist economy.

A correct viewpoint on the masses has been firmly established among functionaries, and the spirit of serving the masses has also been enhanced among them. The chuche-oriented work method, the anti-Japanese guerrilla-type work method—in which one goes down to lower echelons, mingles and unites with the masses there, helps lower echelons in a substantial manner, and solves all problems which arise in lower echelons, relying on the creativity of the masses—has been outstandingly embodied. [applause]

As a change has been effected in party work, the work with people, all members of the society have been firmly raised to become chuche-type revolutionaries who are infinitely loyal to the party and the socialist fatherland, and, accordingly, the ranks of our revolution have been firmly rallied as one social and political organism. Today, our people have been firmly rallied as one mind and one will around the party, entrusting their destinies to the party. They have also been highly demonstrating all sorts of patriotic loyalty and initiative on the road of implementing the party's line and policy, regarding the party's bosom as a mother's bosom.

The popular masses' support for and confidence in our party have become absolute ones, and our party has been strengthened and developed into an energetic, vivacious, and militant party, which has taken roots deep among the masses. The party trusts the people, the people follow the party, and the party and the people are firmly united as one and are advancing along the single road of victory. This is precisely not only today's proud reality of our country, but is also the revolutionary ethos of our society.

All of the people have been firmly rallied as one around the party and the leader, have become the powerful main force of the revolution, and have vigorously struggled with the burning will and invariable determination to inherit and consummate the revolutionary cause of chuche to the end, sharing the destiny with the party eternally. Precisely herein lies the source of all of our victories and the firm guarantee for the completion of the socialist and communist cause in our country. [applause]

Through the course of implementing the Chongsan-ri spirit and the Chongsan-ri method, a great change has been effected in the way of thinking and the work style of party members and the working people. As a result, socialist construciton is being accelerated in an extraordinarily rapid speed.

The Chollima movement and the Chollima work team movement, which occurred by relying upon the great social and economic reforms in the postwar period and the boundless creativity of the masses, have deepened and developed into the movement to win the red flag of the three revolutions, and such a high-level mass movement as the movement to follow the examples of unheralded heroes has been conducted. As a result, heroic exploits and reforms have been constantly created in socialist construction and our fatherland has demonstrated its authority and majesty as an independent, self-reliant, and self-defending socialist state. This reality powerfully proves the vitality of the Chongsan-ri spirit and method.

All successes attained in our country's socialist construction over the past period are the great victory of the Chongsan-ri spirit and method and the precious outcomes of the creative labor struggle of our people who have waged a devoted struggle, upholding the party's lines and policy and displaying all types of revolutionary enthusiasm and mass heroism to implement them. [applause]

Availing myself of this significant meeting to mark the 30th anniversary of the creation of the Chongsan-ri spirit and method, I extend, with a sense of all people's boundless reverence and burning loyalty the greatest honor and warmest thanks to the great leader of our party and people Comrade Kim Il-song, who has strengthened and developed our party into an ever-victorious and invincible chuche-oriented party by creating early on the idea and method of the chuche-type guidance of the masses and by embodying them, has constantly led our revolution and construction along the single road of shining victory, and has provided our people with today's endless happiness. [applause]

Comrades, this year is a significant year marking the 45th anniversary of national liberation and the 45th anniversary of the founding of the WPK [Workers Party of Korea] which are of great significance in the history of our party and fatherland. It is also a rewarding year in which we should make the first breakthrough of the nineties.

In his New Year's address and at the 17th Plenary Session of the 6th party Central Committee, the great leader Comrade Kim Il-song brilliantly elucidated the prospects for socialist construction in the nineties, the decade of hope and struggle in which our party and people should powerfully advance with great ambition and firm faith, and the militant tasks we should discharge this year.

With the most correct guiding idea and the most scientific and revolutionary lines, our party is building socialism. The lines and policies our party has put forward in carrying out the revolutionary struggle and construction work are all just, and measures and methods for implementing them have been clearly presented.

A basic guarantee for successfully discharging all tasks assigned to us is for the functionaries, the commanding personnel of the revolution, to more thoroughly embody the Chongsan-ri spirit and method—the chuche-type work method—and thus, to even more firmly unite the people around the party and the leader and organize and mobilize them to effect constant upsurges in socialist construction.

The source of our party's might and a guarantee for all victories lie in firmly adhering to and thoroughly implementing the Chongsan-ri spirit and method. [applause]

What is, above all, important in embodying the Chongsan-ri spirit and method is for all functionaries to firmly establish a revolutionary outlook toward the masses, go down among them, and discharge the assigned tasks relying upon their strength.

The historical experience of our revolution and construction confirms that when functionaries trust the strength of the masses, go down among them, and correctly organize and mobilize them, there is nothing that they cannot do in this world.

Upholding the party's revolutionary slogan, "Let the entire party mingle with the masses!," all functionaries should go into underground mine galleries and production sites, where production masses are working, cherishing the trait of revolutionary work and fresh work style from the first struggle of the New Year and should keenly understand the practical situation of the low echelon by mingling with the masses. The functionaries should seek the correct method for solving problems and substantively help the lower echelons. They should assume the implementation of the raised revolutionary tasks depending on the strength of the masses as a daily task and a habit.

The Chongsan-ri method is a political work of the party designed to give explanation of and persuade the people to the end. It is the real work method of chuche-type revolutionaries to carry out the revolutionary tasks in such a manner as to highly inspire the awareness and initiative of the popular masses by giving priority to the political work and to the work with people.

Whatever revolutionary task we may carry out, we should explain and infiltrate this task into the masses before we begin and should give the top priority to the political work and to the work with people, which inspire the revolutionary zeal of the masses by educating them.

The political work should be carried out in such a manner as to persuade and educate the people in close combination with the practice of the revolution so that it becomes the work of the masses themselves. Thus, all functionaries and party members should become the educators and propagandists of the masses and should educate and inspire the entire party and all the people in such a manner so that 1 can inspire 10, 10 can inspire 100, and 100 can inspire 1,000.

Highly displaying the revolutionary spirit, the party spirit, the working class spirit, and people-mindedness is an important demand of the Chongsan-ri spirit and a trait that functionaries should always cherish.

Because our party firmly maintains the revolutionary spirit, the party spirit, working class spirit, and people-mindedness, our party could win brilliant victories in the gigantic struggle for revolution and construction by leading the popular masses and overcoming various storms amid the whirlpool of history deciding the destiny of the revolution. Our party thoroughly embodies them.

The revolutionary spirit, party spirit, working class spirit, and people-mindedness should be demonstrated in unconditionally accepting, defending, and accomplishing the party's lines and policies and in resolving all problems arising in the revolution and construction by

assuming the attitude worthy of masters and by displaying the revolutionary spirit for self-reliance and arduous struggle. They should also be demonstrated in endlessly loving the people, learning from the people, and in struggling by dedicating everything to the interest of the people.

All functionaries should correctly assume the attitude and position that they are from the people and they are servants working for the people always and everywhere. They should tenaciously defend and execute the chuche-oriented lines and policies of the party that reflect the people's aspirations and demand. They should lend an ear to the voices of the people, assuming the people's pains as their own, and should become genuine functionaries faithfully serving the people.

Nothing is more honorable and more rewarding for our functionaries than to work faithfully for the people. In order for the functionaries to have a genuine spirit of service for the people, they should constantly strive to revolutionize themselves and become part of the working class.

We should thoroughly eliminate bureaucratism and authoritarianism and such outdated work methods and work styles as formalism, subjectivism, and an easy-going attitude, which may be often seen among the functionaries of the ruling party. Through constant study and ideological indoctrination, we should firmly establish the chuche-oriented revolutionary outlook and constantly upgrade our own political and working level. Thus, we should become skillful educators of the masses, active propagandists and tenacious executors of the party's policies.

Upholding the militant tasks put forward by the great leader Comrade Kim Il-song in his New Year address this year and the decisions of the 17th Plenary Session of the 6th party Central Committee, we should unanimously inspire all workers to implement the enormous tasks of the socialist economic construction. Thus, we should see to it that the entire nation is filled with the revolutionary spirit of self-reliance, which inherited the revolutionary spirit of Paektu, and that a new great revolutionary upsurge is effected in production and construction. [applause]

Upholding the militant slogan put forward by the party, "Let us make existing economic foundations prove worthy by increasing production and conserving materials," we should vigorously inspire all workers to the struggle for the maximum production increase and conservation by cherishing such revolutionary passion and fighting spirit as demonstrated during the postwar days of the great chollima upsurge. Thus, we should further develop the electric power industry, coal industry, metallurgical industry, and railway transport, and should normalize production in all domains of the national economy at a high level. By directing strength to major construction projects, we should register innovations in construction, thus creating the new speed of the nineties.

At the same time, we should further produce the people's consumer goods, should effect a new upsurge in agricultural production, and should more smoothly resolve the issues of food, clothing, and shelter for the people according to the socialist demand by building modern houses on a large scale in cities, including Pyongyang, and agricultural districts.

Just as we effected miracles and innovations in socialist construction by waging the heroic struggle with courage and high spirit and by upholding the decisions of the plenary meeting of the party Central Committee held in December 1956, during the arduous time after the war when grave tasks and many trials were laid before the revolution, all functionaries, party members, and workers should more highly demonstrate the incomparable superiority of the socialist system of our country in the economic field by cherishing such spirit and vigor as those cherished by the working class in Kangson, which produced 120,000 tons of steel billet from the rolled steel production equipment with only a 60,000-ton capacity and by the builders of Pyongyang who built more than 20,000 houses with materials and funds just sufficient for 7,000 houses. Thus, we should accelerate the great socialist march movement. We should brilliantly decorate this significant year with a new revolutionary upsurge in socialist construction. [applause]

In order to successfully carry out all tasks facing us today, we should constantly strengthen the party's guidance over the revolution and construction.

The party's guidance is the life in the socialist society where the entire nation attains political and ideological unity. It is a decisive guarantee for strengthening the might of the party and enhancing the militant functions and rule of the party organizations. It also extensively demonstrates the unique collective superiority of socialism and constantly strengthens the socialist economic system.

Party organizations at all levels should firmly realize the party's guidance over socialist construction and thoroughly accomplish the line of the three revolutions—ideological, technological, and cultural—by strengthening the organizational and political work. Under the slogan, "Let us live in our own way!", they should thoroughly establish chuche in all fields of social life.

In particular, by enhancing the combat capabilities of the infrastructural party organizations, which took deep root in the production sites and which carry out their activities while directly working with the masses, we should see to it that the party's decisions are conveyed to the masses without delay and in a timely manner and that the masses always breathe and struggle together with the party.

The socialist construction in our country is vigorously advancing forward to a new higher peak under the banner of the chuche-orientation of the entire society. The brighter prospects are opened before our people.

Today's struggle for socialist construction carried out by our people is a great march movement waged under incomparably favorable conditions compared to the time after the war when we had to produce all new products with empty hands on a land where nothing was available.

As long as there is the great unit of the energetic and matured core members of the nation, who were fostered by our party after the liberation and who are boundlessly loyal to the chuche revolutionary cause, as long as there is the socialist system, which took deep root in this land, and the mighty independent national economy, and as long as there is the indomitable party, which is vigorously leading the popular masses to the heroic struggle and exploits in firm unity with them, there is no fortress we cannot occupy, but there are always greater victories and glory before us. [applause]

Just as in the past, we will, in the future, too, thoroughly embody the Chongsan-ri spirit and Chongsan-ri method by upholding the revolutionary banner and will firmly unite all the people with the party and the leader. Thus, we will expedite the final victory of the revolutionary cause by effecting a constant upsurge in the socialist construction. [applause]

Let us all vigorously fight to expedite the complete victory of socialism and the independent and peaceful reunification of the nation and to accomplish the chuche revolutionary cause in firm unity with the party Central Committee headed by the respected Comrade Kim Il-song by upholding the banner of the three revolutions—ideological, technological, and cultural—the banner of the chuche idea. [applause]

Long live Comrade Kim Il-song, the great leader of our party and our people! [applause]

Long live the glorious Workers' Party of Korea, the organizer and guide of all victories of the Korean people! [applause]

Attendees Listed

SK0902025190 Pyongyang Domestic Service in Korean 2200 GMT 8 Feb 90

[Excerpts] A central meeting was held at the People's Palace of Culture yesterday afternoon to mark the 30th anniversary of the creation of the Chongsan-ri spirit and the Chongsan-ri method by the great leader Comrade Kim Il-song. [passage omitted]

Present on the platform were Comrade O Chin-u; Comrade Yon Hyong- muk; Comrade Yi Chong-ok; Comrade Pak Song-chol; Comrade Kim Yong-nam; Comrade Han Song-yong; Comrade Hyon Mu-kwang; Comrade Kim Pok-sin; Comrade Kang Hui-won; Comrade Choe Tae-pok; Comrade So Kwan- hui; Comrade Hwang Chang-yop; Comrade Kim Chung-nin; Comrade Yun Ki-pok; Comrade Kim Chang-chu; Yi Kye-paek, chairman of the Central Committee of the Korean Social Democratic Party; and responsible functionaries of the party and government organs, administrative and economic organs, and working people's organizations. [passage omitted]

Comrade Pak Song-chol, member of the Political Bureau of the Central Committee of the Workers' Party of Korea and vice-president, delivered a report. [passage omitted]

Meetings of Local Party Committees Held

SK1302004890 Pyongyang KCNA in English 1524 GMT 12 Feb 90

[Text] Pyongyang February 12 (KCNA)—"On thoroughly carrying through the tasks set in the New Year address of the great leader Comrade Kim Il-song and the decisions of the 17th plenary meeting of the sixth party Central Committee" was the agenda of the plenary meetings of the provincial (municipal) committees of the Workers' Party of Korea which were held recently.

It was stressed at the plenary meetings that to increase production and make economies to the maximum in the revolutionary spirit of self-reliance and hard struggle is a firm guarantee for properly mobilizing and utilizing the great productive potentials of the independent economy so as to further develop the economy, markedly improve the people's living and display the incomparable superiority of our socialist system.

The meetings had detailed discussions of tasks and ways for launching a powerful all-people campaign for maximum increased production and economies in conformity with the specific conditions of the provinces (municipalities), thus effecting another great revolutionary upsurge in socialist construction.

Stressing that an important task for increased production and economies at present is to achieve a high and steady rate of production in all domains of the national economy and make the existing economic foundations pay off, the plenary meetings discussed measures and ways for the technical reconstruction of industrial establishments and the repair and readjustment of their production equipment.

Detailed measures and ways were discussed at the plenary meeting of the Pyongyang municipal party committee for building houses for 50,000 families in Pyongyang by the end of 1991.

The plenary meetings put stress on making an utmost and effective use of the existing generating capacity, extensively introducing new technologies for the increase of power production and, at the same time, building new power stations and striving to increase the coal production and save it.

Sincerely discussed there were also the matters of maximum mobilization of the transport reserves in the domain of railway transportation to double the railway freight turnover in a few years, concentrating efforts on the construction of major projects and dwelling houses which have already started and solving from the stand of

chuche the scientific and technical problems arising in accelerating the chuche-orientation, modernization and scientification of national economy, increasing production, saving and making effective use of fuel, power and raw materials by enhancing the role of the scientists and technicians serving in the scientific institutes and in all domains.

Measures and ways for implementing "theses on the socialist rural question in our country" to the letter and boosting grain production were also discussed at the plenary meetings.

The plenary meetings put emphasis on effectively managing economy and strengthening labour administration by adhering to the great taean work system created by the respected leader President Kim Il-song.

They also discussed as an important item the matter of strengthening the party organizational and political work for carrying through the tasks set in the new year address of President Kim Il-song and the decisions of the plenary meeting of the party Central Committee.

Relevent decisions were adopted at the plenary meetings.

'Peculiar Socialism' of DPRK Shows 'Superiority'

SK1402103690 Pyongyang KCNA in English 1018 GMT 14 Feb 90

["Looks of Peculiar and Superior Socialism of Our Own Style"—KCNA headline]

[Text] Pyongyang February 14 (KCNA)—The society of singlehearted unity previously unknown in which the party and the leader trust the people and the people revere and follow them with loyal hearts, the society where the entire people are evenly well off, free from cares and worries under the most excellent popular policy, the society full of healthy and revolutionary spirit, which is alien to such social evils as unemployment, begging and drug abuse,—this is the looks of peculiar and superior socialism of our own style.

The great leader Comrade Kim Il-song and dear Comrade Kim Chong-il wisely lead the work of building peculiar socialism of our own style embodying the chuche idea and giving full play to its superiority.

So says NODONG SINMUN today in a signed article captioned "Our Party's Wise Leadership To Give Full Scope to the Superiority of the Socialist System".

Our party, first of all, indicates a correct way of building socialism of our own style, most superior and peculiar, placing the popular masses in the centre and serving them with utmost sincerity, the article says, and continues:

Our party gave comprehensive and flawless answers to all problems from the methodological problem in expounding the superiority of the socialist system to its essential superiority and fundamental problems arising in giving full play to it on the basis of the profound principle of the chuche idea.

Dear Comrade Kim Chong-il has taught:

"If we are to correctly solve the problem of fundamental superiority of the socialist system, too, we should place man in the centre in viewing it on all accounts."

This proposition put forward by him is a precious formulation of clarifying the basis and methodological problem of expounding the superiority of the socialist system.

He made it clear that ours is socialism that embodies the chuche idea, socialism applying the guiding idea, guiding theory and guiding method of chuche.

The indication of the road of building most superior and peculiar socialism by dear Comrade Kim Chong-il is an undying historical exploit in the course of accomplishing the cause of socialism.

Our party not only set up the superior socialist system but also brilliantly solves all problems arising in giving full play to its superiority and gives top priority to firmly preparing the people ideologically and spiritually.

The historical experience shows that if education to upgrade communist ideology is not intensified among the people, the influence of bourgeois ideology will increase and the revolutionary consciousness of the popular masses be benumbed, it will be impossible to display the superiority of the socialist system and even the socialist gains already won may be exposed to danger.

Our party has directed primary efforts to ideological education, regarding the work to firmly prepare men ideologically and mentally as a key to the solution of all questions arising in socialist construction.

For bringing the advantages of socialist system into full play, our party always bends great efforts to strengthening the party and making closer blood ties between the party and the masses.

Today, under the leadership of the party, a strong subject of revolution has been built up in our country. The entire people are firmly united around the party Central Committee with one mind and one purpose and absolute and unconditional loyalty to the party and the leader is overflowing the whole party and society.

In order to fully display the advantages of the socialist system, our party constantly increases the collectivist nature in all fields of political, economic and cultural systems.

The functions and role of the people's power elevated further still under the guidance of our party, the centralistic and unified leadership of the state has been strengthened in all spheres of the social life and fullest democracy is guaranteed to the popular masses.

Progress in Construction of Capital Noted

SK1202103190 Pyongyang KCNA in English 1000 GMT 12 Feb 90

[Text] Pyongyang February 12 (KCNA)—Pyongyang, the capital city of Korea, is being built more grandiosely and splendidly.

Included in the construction programs of the capital which will be finished in the first two years of the 90s are modern flats for 50,000 families, the exhibition of three revolutions and other public buildings, flyovers with a total length of thousands of metres and roads extending nearly 40 kilometres. This is 50 percent larger than the vast scale of the construction of the capital which was carried out in the recent three years.

In Nangnang Street which will be constructed along the bank of the Taedong River in the southern area of Pyongyang, houses for 20,000 families will be built by the end of 1991, those for several dozen thousand families in the later period with the main road 120 metres wide as the axis.

The builders there completed the excavation for the groundwork of dwelling houses for nearly 3,000 families and are energetically stepping up the construction of ten odd schools, kindergartens and creches. Projects are under way also to remove some hills of 1.5 million cubic metres of earth for the main road.

Those who have undertaken the second-stage construction of Kwangbok Street started building 52 blocks of flats for 9,270 families and have completed the groundwork for 19 blocks of flats for 3,320 families of them.

SKNDF Denounces Merger of Three Parties

SK1202130090 (Clandestine) Voice of National Salvation in Korean to South Korea 1000 GMT 26 Jan 90

[Statement by the Central Committee of the South Korean National Democratic Front]

[Text] On 22 January, No Tae-u, Kim Yong-sam, and Kim Chong-pil decided to merge the Democratic Justice Party [DJP], the Reunification Democratic Party [RDP], and the New Democratic Republican Party [NDRP] by the expedient of deception and conspiracy, and issued a joint declaration from Chongwadae, thus perpetrating a political crime unprecedented in the 40-year constitutional history.

The people have been enslaved by the fascist ruling forces and have been betrayed by the double-faced pro-U.S. conservative forces.

The South Korean National Democratic Front [SKNDF] strongly denounces the merger of the three parties, branding it as a political coup d'etat to tide over crises facing the dictatorial regime by buying off opportunistic pro-U.S. conservative opposition parties and by leading the current political situation to that of confrontation between conservative and progressive forces, and furthermore as a malicious plot to maintain the antinational and antidemocratic colonial ruling system.

The United States and the No Tae-u ring are scheming to take the initiative in leading the political situation after forming a grand coalition of conservatism with the constitution of a coalition government and the parliamentarian cabinet system as bait so that the fascist system can be realigned in a stable manner.

The declaration of the surprise merger of the three parties is an insult to state sovereignty and the denial of national consensus.

Today, the direct presidential election system, which the people obtained through their June resistance, and the opposition party-led political situation, which the people created through the 26 April general election, are faced with the crises of complete frustration. This clearly shows that the current political situation is reverting to the nightmare situation of the Fifth Republic.

The political realignment through the merger of the three parties signals the preparation of the military fascist regime to remain in power for a long time. Because of the conspiracy of the conservative reactionary forces to form a new party, opposition parties have been strangled and the term "opposition camp" has now perished. The word "parliamentarian politics" has remained only nominal, and the National Assembly has been reduced to the servant of dictatorship again.

It goes without saying that the United States and the No Tae-u ring will disturb the anti-No Tae-u front of the national democratic movement by inveigling pro-U.S. conservative opposition forces into the grand coalition of conservatism and by weakening every sector of the national democratic movement, thus inflicting an unrestrained ideological offensive and wholesale physical suppression on the national democratic movement.

The grand coalition of conservatism concocted under the pretext of political realignment is the work of laying a foundation for promoting the policy of two Koreas. It is obvious that the No Tae-u ring, which has secured the power of the grand coalition, will less disguisedly seek the policy of perpetuating division while building up the structure of confrontation through the single channel of North-South dialogue in North-South relations.

After all, the merger system of the three parties is an antinational system to maintain the U.S. colonial rule in this land, an antidemocratic system of absolute dictatorship, which permits one-party tyranny and one-man dictatorship, and an antireunification system of division and confrontation.

The people can never tolerate this political scheme of the United States and the No Tae-u ring, nor can they pardon the betrayal of the RDP and the NDRP. In

particular, they can hardly hold back their fiery indignation against Kim Yong-sam's treachery, to say nothing of deplorability over it.

Having worked as an opposition politician over the past 40 years, Kim Yong-sam, proceeding from his personal greed for power, has unhesitatingly perpetrated the despicable treachery of throwing himself into the bosom of the enemy of the people and democracy.

The political and moral corruption of Kim Yong-sam, who is trying to pursue only his personal benefits in the honeymoon of fascistization, deserves denunciation as the degradation of an ugly waste with only bestial instinct.

Furthermore, Kim Yong-sam, who clamored about his death-defying resolve while pretending to be the standard-bearer of democratization, has rolled up his sleeves in the grand compromise with pro-U.S. fascist elements, and has been reduced to the dictatorial regime's executor who stabs the people in the chest. This cannot be justified by any excuse.

The people are spitting at the abhorrent act of the political traitor, who misses the old era of faithless authoritarianism, and are denouncing his detestable betrayal of begging for his personal prosperity in reward for the people's blood in the name of tens of thousands of democratic martyrs, who have devoted themselves to the altar of democracy, and prisoners of conscience.

Kim Yong-sam's treachery and betrayal will be gravely judged by history and punished.

At this moment, the politicians in this land should bear in mind that whenever opposition politicians have deserted the nation, democracy, and justice, they have found it difficult to exist, and that the people's judgment of those opposition parties that have colluded with foreign forces and fascist power and have yielded to them, has always been stern.

As a result of the merger of the three parties, another political reactionary period is unfolding.

Should our people look over or connive with the crafty and vicious political plot of pro-U.S. reactionary forces, they will be plunged into the crucible of fascism again, and their struggle for national independence and reunification will not escape from the misfortune of frustration. It is, however, obvious that the pro-U.S. reactionary forces are fearful of the power of the masses.

The grand coalition of conservatism is nothing but a castle in the air. Conservatism-progressivism ideological offensives are a stereotyical tactic of the United States and the fascist power to separate the (?middle class) and isolate and stifle the national and democratic movement forces.

Although pro-U.S. reactionary forces are trying to redirect the trend of democratization by threatening the people through grand compromise among conservative forces, the democratic consciousness and reform-oriented will of the people, who have grown while overthrowing the Yusin dictatorship and the dictatorship of the Fifth Republic, will never tolerate this attempt.

The task assigned to the national and democratic movement at this moment is to urgently assume the posture of joint resistance and to form a front of pan-democratic coalition to check the reactionary offensives in the wake of the grand compromise among conservative forces through the merger of the DJP, the RDP, and the NDRP.

The people urge politicians to bear in mind that joining the Democratic Liberal Party is a betrayal of the nation and a treachery of the people.

All people should rise up to destroy the pro-U.S. coalition of conservatism.

The sponsor of the soon-to-be founded new party and the behind-the-scenes manipulator of the grand compromise among conservative forces is the United States.

Through their miserable life as colonial slaves over the past 40 years, our people still remember the lesson of blood: Unless they completely banish Yankee aggressors from this land, they cannot achieve national sovereignty, democratic and civil rights, and national reunification.

The United States must stop machinations and manipulative operations, and withdraw from this land.

No Tae-u, Kim Yong-sam, and Kim Chong-pil must clearly listen to the people, who vociferously object to their scheme and express their indignation, revoke their plot for grand conservative compromise, and step down from power or leave the political arena.

Pro-U.S. reactionary forces and democratic forces cannot coexist. One side has to be ruined. Therefore, we have to stage a death-defying confrontation with them.

Together with the people, the SKNDF will not stop the struggle to smash the reactionary scheme for pro-U.S. conservative compromise.

[Signed] SKNDF Central Committee
[Dated] 26 January 1990

Dissidents To Hold National Rally 24-25 Feb

SK1202120190 (Clandestine) Voice of National Salvation in Korean to South Korea 0300 GMT 9 Feb 90

[Text] On the afternoon of 5 February, 30 representatives from about 20 dissident organizations, including the National Democratic Alliance of Korea [Chonminnyon] and the National Council of Workers, held a meeting to take measures in connection with the merger of three parties at the Chonminnyon office, agreeing to hold national rallies across the country at the same time on 24 and 25 February to smash the antidemocratic merger of the three parties and secure the basic rights of the masses.

In addition, they decided to denounce the antinational nature of the formation of the Democratic Liberal Party by holding a people's rally in the metropolitan area in Seoul on 18 February, following a meeting held in Pusan on 3 February.

South Korea

State Seeks Cut in U.S. Military Advisers

SK1402005190 Seoul THE KOREA TIMES in English 14 Feb 90 p 1

[Text] The government is calling for a sharp reduction in American military advisors whose chief mission was completed more than a decade ago. The United States, however, has expressed reluctance to accept Seoul's demand, government officials said yesterday.

Negotiation on the withdrawal of the Joint U.S. Military Advisory Group-Korea, has been underway between the two countries but little progress has been made due to Washington's negative stance.

The officials maintained that the issue should be put on the agenda for U.S. Defense Secretary Dick Cheney's round of meetings with Korean Government leaders from today through Saturday.

The group's purpose is to facilitate the control of American military aid, technical assistance and the training of Korean servicemen.

At present, there are about 90 members, military and civilian, in Korea though their main mission of controlling military assistance ended with the suspension of the U.S. aid over 10 years ago.

Seoul foots the budget for their stationing in the country, offering the members tax exemption and other privileges almost equivalent to diplomats.

One senior official said, "In this context it is natural that Washington should cut the number of the advisors to the level of similar groups stationed in Japan or West Germany." In Japan and West Germany, such teams are composed of about 10 members, the official related.

Washington's position is that the advisory council should remain in the country as long as its troops are deployed, the officials said, despite the fact that it now only serves the interest of its government and the ammunition industry as opposed to its original purpose, according to the Seoul officials.

"The advisors are largely engaged in the survey of the Korean arms market, the promotion of military sales and the gathering of military information," another official complained.

The JUSMAG-K is the successor of the Korea Military Advisory Group, which was first sent in 1945 to assist the U.S. in its three-year-long military rule of South Korea following the fall of Japan.

YONHAP Reports Cheney Arrival for Talks

SK1402114790 Seoul YONHAP in English 1128 GMT 14 Feb 90

[Text] Seoul, Feb. 14 (YONHAP)—U.S. Secretary of Defense Richard Cheney arrived in South Korea with a message that sought to dispel talk of a U.S. troop pullout Wednesday [14 February].

"The U.S. commitment to Korea remains firm and unequivocal, U.S. troops will remain in Korea as long as they are needed to guarantee the peace, and the Korean and American peoples want them to remain," he said in his arrival statement.

The top U.S. defense official is making a four-day visit to Korea on the first leg of a four-nation swing through Asia.

"There should be no misunderstanding regarding the firmness of that commitment. Speculation regarding a U.S. withdrawal from the (Korean) peninsula or drastic reduction of our troop presence here apparently disregards the obvious: The threat to peace on the peninsula remains real and has not diminished," Cheney said upon arriving at a military air base southeast of Seoul by special plane.

Cheney formally begins his visit Thursday with a helicopter trip to the U.S. 2nd Infantry Division, stationed northeast of Seoul, the Truce Village of Panmunjom in the Demilitarized Zone (DMZ) dividing the two Koreas, and a South Korean Army observation post in the DMZ.

He will meet with President No Tae-u on Friday morning and with Defense Minister Yi Sang-hun later in the day to discuss the future of 43,000 U.S. troops stationed here under a 1954 mutual defense treaty and other military issues, officials said.

The defense secretary, accompanied by his wife, Lynne, and a 16-member entourage, was greeted on arrival by Yi.

The entourage includes Henry Rowen, Assistant Secretary of Defense for International Affairs: H. Allen Holms, ambassador for Burden Sharing: Pete Williams, assistant secretary of defense for public affairs: and Karl Ford, deputy assistant secretary for East Asia and Pacific affairs.

Cheney said he is looking forward to meeting with No and Yi "for in-depth discussions of matters relating to the security relationship, the status of our forces, and plans for improving and modernizing them so that they can better accomplish their missions."

High on the agenda for his meetings with No and Yi are partial reduction of U.S. Forces here, an increase in Korea's share of the cost of maintaining U.S. troops on the peninsula, possible transfer to the Koreans of operational control of the Korean Armed Forces and relocation of U.S. bases out of metropolitan Seoul, the officials said.

Cheney will also travel to Japan and the Philippines to discuss readjustment of U.S. forces in East Asia. A side trip to Hong Kong is also scheduled.

Under the Nunn-Warner Amendment, the defense secretary is to submit to Congress plans for the redeployment of U.S. troops in the region by April 1 based on discussions with officials from the three countries.

The United States has already agreed to close three of its air bases in Korea and pull out 2,000 non-combatants. The announcement of the closure and withdrawal two weeks ago drew a sensitive response in Korea, where security matters take top priority.

The Korean peninsula was split into the capitalist South and the communist North at the end of World War II in 1945. The two sides remain technically at war although an armistice halted the three-year war in 1953.

Cheney's talks with lee will also cover appointing Korean generals commanders of ground forces under the Korea-U.S. Combined Forces Command, restructuring the Korean Armed Forces, including establishment of an integral command system (national defense staff headquarters), according to the officials.

But disagreement is expected over the relocation of American bases and facilities out of Seoul and the increase in Korea's burden sharing, they said.

The U.S. side has demanded Korea shoulder the entire cost of the relocation to an area near Taejon, Osan or Pyongtaek, all South of Seoul, they said.

The United States has also asked Korea to increase its direct contribution to the cost of stationing troops to 500 million U.S. dollars from the current 300 million dollars, the official said.

The Korean Government has said it will positively consider increasing its share of the defense burden, within its ability, on condition the United States will not reduce combat ground forces.

Public opinion in South Korea is split over withdrawal, with dissidents and radical students calling for an immediate complete withdrawal of U.S. Forces. The dissidents argue that the presence of the U.S. troops in the peninsula hampers reunification with North Korea.

Meetings With Mosbacher, Yeutter, Hills Noted

SK1402090790 Seoul YONHAP in English 0812 GMT 14 Feb 90

[Text] Washington, Feb. 13 (YONHAP)—South Korea and the United States have agreed to establish a panel to accelerate their collaboration in industrial fields, including the extension of business interests into Eastern Europe.

Agreement to form the "Joint Committee on Commercial Cooperation" was reached during two days of talks between Korean Trade and Industry Minister Han Sung-su and U.S. Secretary of Commerce Robert Mosbacher that ended here Tuesday [13 February].

The panel will review projected exchanges of industrial information, undertake joint studies, promote technological cooperation and joint ventures and coordinate efforts to tap the East European market, Kim Chol-su, the first assistant trade and industry minister said Wednesday.

The Korean side proposed forming the joint committee and that the final decision and details of the panel will be fixed in three months, after working-level meetings, said Kim, who attended the top trade officials' talks.

The standing body, if it operates as projected, would help the two nations jointly extend their businesses, including the petrochemical sector, to East Europe through complementary cooperation by combining the superior competitiveness of U.S. engineering with South Korean construction companies, Korean officials said.

Han and Mosbacher pledged bilateral cooperation in the Uruguay round of multilateral trade negotiations and in the third Asia-Pacific economic conference in Seoul next year.

The U.S. side highly appraised Seoul's steps to protect U.S. intellectual property rights but called for redoubled efforts to protect U.S. movies, videotapes and textbooks from being illegally copied and sold in Korea and to prevent bogus U.S. brand goods from being exported by Koreans.

Washington urged Seoul to set up a system of export controls for strategic materials at an early date and the Korean side suggested discussing the plan in detail at working-level talks slated for late this month, suggesting the Korean Government is considering implementing the controls as early as in the first half of the year.

After the trade talks, Han met with Secretary of Agriculture Clayton Yeutter to discuss U.S. pressure to open up Korean markets for American agricultural produce.

Han said it is difficult for Seoul to liberalize beef imports since the issue is politically sensitive and directly linked to Korean farmers' income and said he hoped the issue could be settled by expanding import quotas.

Yeutter, touching on the decision to stop customs clearance of Korean pears, explained that the presence of chemical residue on the pears caused the ban and it was not retaliation for a boycott by Korean consumer organizations of U.S. grapefruit for alleged contamination with the chemical alar.

U.S. Trade Representative Carla Hills, in another meeting with Han, demanded Seoul announce a timetable for opening its market to U.S. beef and crack down on illegal copying of U.S. textbooks and exports of fake "Reebok" sports shoes.

U.S., ROK To Make Inroads in East Bloc

SK1402044290 Seoul YONHAP in English 0211 GMT 14 Feb 90

[Text] Seoul, Feb. 14 (YONHAP)—South Korea and the United States have agreed to jointly support economic growth in Eastern Europe by taking advantage of democratic reforms in the region, the Trade and Industry Ministry said Tuesday 13 Feb.

The agreement came at a meeting between Trade and Industry Minister Han Sung-su and U.S. Secretary of Commerce Robert Mosbacher in Washington on Monday 12 Feb, the ministry said.

The two agreed to set up a standing panel for working-level consultations on promoting East-bloc economic inroads.

They also agreed to conclude negotiations as soon as possible on intellectual property rights, investment liberalization, and opening the communications and agricultural markets, a spokesman for the ministry said.

Han pledged that Korea will cooperate in reaching a compromise on issues regarding the Uruguay Round of Multilateral Trade Negotiations, he said.

Han called on the United States to ease its trade pressure, contending that Korea has done its utmost to accommodate U.S. demands for market opening despite declines in economic growth and exports on a volume basis last year, the spokesman said.

Mosbacher said he highly rated Seoul's efforts for a consistent market-opening policy but demanded that Korea further liberalize foreign investment and open its service market wider.

The U.S. side demanded the Korean Government protect U.S. videotapes, tests and computer software from being pirated in Korea, while the Korean side urged the United States not to designate Korea a priority foreign country (PFC) for trade negotiations or an unfair trader this year, the spokesman said.

Korea avoided being named a PFC by making concessions to U.S. demands in May last year.

Sports Talks Delegate Sends Message to North

SK1402095590 Seoul Domestic Service in Korean 0900 GMT 14 Feb 90

[Text] Today, Chang Chung-sik, our side's senior delegate of the North-South sports talks to form a single North-South team for the Beijing Asian Games, urged the North side to accept our proposal for ensuring the implementation of the agreed points and resume the sports talks.

In a telephone notice by our senior delegate Chang Chung-sik to the North side counterpart Kim Hyong-chin, he indicated that the North side is not showing sincerity regarding our side's just demand, but rather denounced our side through a telephone notice that was sent to our side on 12 February. He also said that it was revealed that the North side carried out the sports talks only as a means to obstruct our participation in the Beijing Games, rather than to form a single North-South team.

Delegate Chang Chung-sik stressed that the North side should immediately stop making unreasonable demands and be prudent. He also emphasized that if the North side truly wants results in the talks, an affirmative response accepting our side's proposal for ensuring the implementation of the agreed points must be made by 20 February.

Reportage on Actions by New Ruling Party

Priority Placed on Development

SK1002015690 Seoul THE KOREA HERALD in English 10 Feb 90 p 2

[From the "News Analysis" column by staff reporter Chong Pong-uk: "DLP Platform Accents Economic Policies"—first in a series]

[Text] The new ruling party, whose first inaugural meeting was held yesterday, is placing top priority on developing the economy as declared by the party platform.

Nearly half of the 25 policy guidelines in the platform focus on the economy.

One of the most important missions for the party, named the Democratic Liberal Party [DLP], is to promote fair distribution of wealth by improving a variety of systems related to fiscal spending, financing and taxation.

A plank of the platform says, "...We will correct an imbalance between income brackets, that between regions and that between industries to promote balanced socioeconomic development."

The balanced regional development is reiterated in another policy guideline in the platform, which calls for closing the gap between urban and rural areas.

The new ruling party's accent on economic development was, of course, mentioned by President No Tae-u when he announced the merger of the ruling Democratic Justice Party and two minor opposition parties—the Reunification Democratic Party and the New Democratic Republican Party—Jan. 22.

A policy accent will be also placed on hi-tech development, essential to the structural revamping of Korean industries and strengthening of their international competitiveness, the platform said.

Easing the housing shortage and solving traffic problems are also among the goals of the DLP, whose formal inauguration is scheduled for early April.

An alliance of conservative forces, the new party is holding a middle-of-the-road line as evidenced by a platform calling for "innovation on a step-by-step basis."

The party is unlikely to introduce drastic measures for advancing Korean unification though the syntax of a sentence in a plank is complicated.

It says, "...We will activate exchanges and cooperation between the south and north to restore the identity of and trust between the Korean people, and will advance national unification in an independent, democratic and peaceful way on the basis of a national agreement to be reached in talks on political and military issues pending between the two Koreas."

There has been little progress in Seoul-Pyongyang talks because of their different approaches to unification. North Korea insists on talks on political and military affairs to be followed by exchanges and collaboration, while south Korea says exchanges and cooperation between the two halves of Korea should precede talks on political and military affairs.

The DLP platform indicates the possibility of a constitutional amendment in such a way as to replace the presidential system with a parliamentary system, calling for development of a parliamentary cabinet system.

The new ruling party's emphasis on economic affairs is natural because its inauguration followed continued signals of an economic crisis. In January Korea suffered a $1 billion deficit in trade with foreign countries, while consumer prices in urban areas soared by a surprising 1 percent.

The government has already reportedly started work to back up the ruling party, selecting six economic tasks to be completed in years to come. The programs are an overall reshuffle of the taxation system, stabilization of housing prices, a real-name financial transaction system, decentralization of economic power, tougher action against land speculation and the introduction of business ethics.

The economic team at Chongwadae, jointly with the Economic Planning Board and the state-financed Korea Development Institute, will draft policy measures to implement the programs a government official said.

DLP To Bring 'Stability'

SK1102054390 Seoul THE KOREA HERALD in English 11 Feb 90 p 2

[From the "News Analysis" column by staff reporter Kang Song-chol: "Political Stability Hoped From DLP's Legislative Majority—Leaders Call for 'New Thinking' on Political Future"—second in a series]

[Text] The Democratic Liberal Party [DLP] formally set sail Friday as the new ruling group, amidst conflicting views on its character, its future course and the political effects of its creation.

Despite the differing opinions, there is no denying that politics from now on will not be the same as in the past.

The new party was inaugurated through the merger of the ruling party and two opposition parties, a turn of events never experienced before. And it now has a commanding majority in the National Assembly.

The people were shocked to hear the announcement Jan. 22 of the decision for the three-party merger, and now view the giant ruling party's birth with both hope and concern.

Many express hope that the emergence of the ruling party with an overwhelming legislative majority will help ensure political stability. Others, however, do not wholeheartedly approve of the political experiment. They voice the concern that politics might again be polarized between the ruling camp and die-hard opposition.

President No Tae-u, who will lead the new party jointly with former opposition leaders Kim Yomg-sam and Kim Chong-pil, calls for "new politics." He says the political realignment will help usher in a new era, putting an end to the past politics marked by extreme confrontation.

The two Kims assert that they joined hands with their former adversaries out of patriotism, not out of personal or partisan interests.

The leaders of the new party also talk about "new thinking" which they say is needed to cope with the rapidly changing international situation.

Their critics, however, accuse them of joining hands out of political convenience and greed for power. The critics also suspect a scheme involving business and political collusion behind the three-party merger.

The new party has also come under attack for hinting at a possible postponement of the implementation of such economic reform measures as the concept of public ownership of land and the real-name financial transaction system.

To protect itself from such criticism and justify its inauguration, the new party needs to actively carry out reforms in political, economic and other fields.

Party officials describe their party as a "grand coalition of moderate democratic forces." And they pledge in the party's platform to press for reforms incessantly.

But they should be aware of criticism that the new party has failed to present a clear blueprint for the future of the party and the nation.

The true nature of the new party may be tested during this month's special Assembly session when lawmakers

handle the proposed revision of the National Security Act and over 100 bills awaiting parliamentary action.

The new party has already disclosed some disagreement among the three chief leaders over the question of rewriting the security act. At a recent Chongwadae meeting, Kim Yong-sam called for its abolition or its replacement by a new law, but President No and Kim Chong-pil insisted that it be revised only on a limited scale.

The new party currently has collective leadership, with No and the two Kims serving as co-leaders. Party officials say major decisions will be made through consensus among the three.

Predictions are that after the party's inaugural national convention slated for early April, some changes will be made in the system. No is expected to be the party president, with Kim Yong-sam serving as chairman of the five-member leadership council, which includes Kim Chong-pil.

The sharing of power may be a favorable development for a nation which has rarely seen such a practice.

With no one wielding absolute power in the party, the new leadership format may help foster a tradition of intraparty democratization.

But the party may face serious trouble when major figures, possibly including the two Kims, struggle for succession after President No steps down in February 1993.

Said to be modeled after Japan's Liberal Democratic Party, which has remained in power for 35 consecutive years, the new party may also be stricken by fierce intraparty squabbling among factions.

Of more immediate concern to the party may be the appointment of local chapter chiefs. Being a local chapter chief mans that one is virtually assured of party nomination for parliamentary elections.

Given the fact that the new party has been created out of the merger of three parties, competition may be fierce and awkward handling of the matter may spark contentious argument.

Growth, Stability Favored

SK1102045690 Seoul THE KOREA HERALD in English 11 Feb 90 p 2

[Text] A ranking ruling party official yesterday brushed aside news reports that the Democratic Liberal Party is in favor of growth-oriented economic policies at the cost of price stabilization.

Yi Sung-yun, de facto leader of the new party's economic task force, told reporters that there would be no drastic change in economic policy guidelines and that balanced economic growth against a backdrop of continued price stabilization is what the new party is groping for.

It was earlier reported that the new party may give up its "stabilization-first policy," the hallmark of ex-President Chon Tu-hwan's technocrats, to overcome the current business slump, which drew immdiate criticism from Deputy Prime Minister Cho Sun.

"Economic policy is a matter of option which could not be bisected in clear-cut trms," Yi said pointing out that growth-oriented policies are unworkable without price stabilization and vice versa.

He also said that consultations between the new party and administration in the coming months do not necessarily mean that the functions of the administration are to be brought under the direct influence of the ruling party in every policy-making process.

Announcement of Key Posts Likely

SK1102023290 Seoul THE KOREA TIMES in English 11 Feb 90 p 2

[Text] The three leaders of the new ruling Democratic Liberal Party are expected to announce the lineup of key party posts early this week.

President No Tae-u, Kim Yong-sam and Kim Chong-pil are said to have discussed the lineup at Chongwadae Friday [9 Feb] night, after an evening reception to celebrate the inauguration of the new ruling party. Former Democratic Justice Party chairman Pak Tae-chun, who is acting on behalf of No, also attended the meeting.

Kim Yong-sam told reporters after the meeting that the three co-representatives will "deal with the question at the earliest possible date."

Three key party posts including that of secretary general will be distributed among the three merging parties—No's Democratic Justice Party, [DJP] Kim Yong-sam's Reunification Democratic Party, [RDP] and Kim Chong-pil's New Democratic Republican Party. [NDRP]

Reps. Pak Chun-pyong, Kim Tong-yong and Kim Yong-hwan have been designated as the secretary general, floor leader and chief policymaker, respectively, according to informed sources. Pak served as secretary general of the DJP twice, Kim Tong-yong served as floor leader, secretary general and vice president of the RDP and Kim Yong-hwan, once finance minister under the Pak Chong-hui government, was former chief policymaker of the NDRP.

Kim Tok-yong, a key aide to Kim Yong-sam, is most likely to be tapped as spokesman of the new party. Kim has served as spokesman of the 15-member preparatory committee for the party merger.

The representatives, key officers and chief treasurer have to be specified when a political party registers with the Central Election Management Committee. The DLP will register with the authorities by Thursday.

Officers in the lower echelon of the party hierarchy will be appointed next week. Candidates for the four deputy

secretary generals include Reps. Kim Chung-kwon, Pak Hui-tae, Kim Tong-chu and Cho Pu-yong.

Then, the new ruling party will form a panel to screen and designate chairmen of the local chapters of the party across the nation. The organization of local chapters is required for the national convention of the new party slated for April.

The screening committee will comprise six key members of the 15- member preparatory panel for the party founding. Fierce competition appears inevitable for the positions as chairmen of the local chapters among lawmakers from the three merging parties who were elected in the same districts.

Stabilization Policies Directed

SK1302031090 Seoul YONHAP in English 0228 GMT 13 Feb 90

[Text] Seoul, Feb. 15 (YONHAP)—The ruling Democratic Liberal Party (DLP) gave incumbent economic officials the go-ahead Monday [12 Feb] to continue with stabilization-oriented economic policies, contradicting expectations that the formative party would try to water down or even scrap major economic reforms launched by the government.

The economic brains of the DLP, which was officially but not legally established recently by merging the previous ruling party with two opposition parties, agreed in a meeting with senior economic officials from the government on the need to refrain from taking drastic measures to revitalize business for the time being.

Participants accepted the need to enforce on schedule the use of real names in financial transactions, introduce composite land taxation and draw up a new land policy that embraces the concept of public ownership of land.

The meeting was called to straighten out the new ruling party regarding friction with government officials over the direction of economic policy.

There was a flurry of newspaper reports of conflicts between the two sides over whether drastic measures should be taken now to revitalize the economy when some key DLP leaders openly championed a switch to growth-oriented policies.

Announcing a five-point agreement after the meeting, Deputy Prime Minister Cho Sun, who led the seven government officials, said, "the government and its party have agreed on the need for new thinking and a new viewpoint on the economy and will make multilateral efforts to renovate the economic structure."

Cho also said the meeting found it "inappropriate" to make a clear distinction between the concepts of growth and stability.

Rep. Yi Sung-yun, one of six DLP members attending, said there was no discussion of possible postponement of enactment or relaxation of the real-name financial transaction system.

"I agree with the government's attempt to flexibly manage foreign exchange rates, liquidity and interest rates so as not to stimulate prices," the former finance minister said.

All six DLP representatives served in previous administrations that followed growth-first economic policies.

The government officials said in the meeting that they would place utmost stress in their economic programs on combatting real estate speculation, inflation and tax evasion.

Further Reportage on Political Restructuring

Rift Between Government, DLP

SK1002031690 Seoul YONHAP in English 0252 GMT 10 Feb 90

[Text] Seoul, Feb. 10 (YOHAP)—The new ruling party, trying to paper over a rift between government officials and party planners over the direction of South Korea's economic policy, said Friday [9 Feb] its basic position is "not to seek a growth-oriented policy but to harmonize growth and stability."

"Published reports that the new party's economic policy will be overwhelmingly a growth-oriented policy are untrue," said Rep. Yi Sung-yun, a member of the Economic Committee of the just-formed Democratic Liberal Party (DLP).

"We will harmonize growth and stability, underlying our belief that there can be no growth without stability in the economy," the former finance minister said. "Whether to seek growth or stability cannot be discussed based on bisectional logic."

He suggested that the DLP's expression of its desire and will to attain high economic growth triggered misunderstandings and said its real intention is to emphasize that Korea can treble per capita income to 15,000 U.S. Dollars by the end of the 1990s if it averages an annual growth rate of 6 to 7 percent.

Yi, chief policy-maker of the old ruling Democratic Justice Party, was responding to news reports on discord between the government and the DLP over whether Korea should return to the growth-oriented policies of the 1970s, shifting the policy accent away from well-being, stability and equitable distribution in the 1980s to bail out the sagging economy.

The apparent discord was followed by reports that Cho Sun, the nation's top economic planner and an ardent advocate of the stability-first policy, had offered to resign as deputy prime minister.

Cho, who is also economic planning minister, denied the reports.

He reportedly warned that any action undercutting economic stability might wipe out the economy's hard-earned growth potential and result in a "Latin American-style economy" characterized by low-growth and hyperinflation.

An official spokesman for the DLP, Rep. Kim Tog-yong, said the government and the new party will hold a consultative meeting on the economic policy controversy early next week.

"Our party's real intention in having consultations with the government is not to force it to change its economic policy but, drawing on wisdom from each side, to seek ways to harmonize growth and stability of the economy," Kim said.

DLP economic specialists have recently been pressing for the growth-first policy, claiming that serious economic problems such as unfair distribution of wealth can be solved only in the course of high economic growth.

But technocrats within the government have responded coldly to the party's moves, branding them an "attempt to cater to popularity in disregard of economic circumstances" and arguing that though the shift in basic policy may generate a high rate of economic growth in the short term it will later create a variety of woes and fuel inflation.

The discord has deepened worries over the nation's economy, which has already suffered a slowdown in exports, higher-than-projected inflation and labor unrest.

The economy averaged an annual growth rate of about 10 percent in the early 1960s under President Pak Chong-hui's export- and growth-oriented policy.

Though the policy emphasis was shifted from growth to well-being, price stability and equitable distribution in the 1890s, the growth rate was still the envy of developing countries, averaging 9.97 percent from 1981 to 1988 with over 12 percent growth from 1986-1988. But it slowed in 1989 to 6.6 percent and is feared to further decline in 1990.

Argument Ended by DLP Endorsement

SK1302100890 Seoul YONHAP in English 0934 GMT 13 Feb 90

[By Chae Sung-hui]

[Text] Seoul, Feb. 13 (YONHAP)—A heated argument between politicians and government officials over economic policy was stopped in its tracks Monday [12 February] when the ruling party's top economic brains endorsed the government's call for "economic reforms based on stability."

Many observers doubt the lasting power of the truce, however, since it has all the markings of a makeshift compromise forged out of political necessity.

The six-member Special Economic Committee of the Democratic Liberal Party (DLP) and seven top economic officials ostensibly met Monday for a get-acquainted session, but their real purpose seems to have been to stitch together an accord between the party and the government because of public anger over the bickering.

The debate over whether the priority in economic policy should be stability or growth heated up when some leaders of the newly formed ruling party recently called for a switch to a "growth-first" economic policy.

The Special Economic Committee comprises economic experts who served in President Pak Chong-hui's administration, which almost blindly pursued growth-oriented economic policies in the 1960s and 1970s.

The remarks, even though they were mostly made in private, stirred up commentators and liberals in dissident groups, which normally demand drastic structural reforms of the economy and balanced distribution of wealth.

The effect of the party-government discord was immediately and acutely apparent in the real estate market, where there were conspicuous signs of a revival of inflation in the prices of apartments. Unconfirmed published reports alleged that huge amounts of money were flowing out of the stock market and into the real estate market.

Informed sources say that President No Tae-u, who is strongly backing efforts by his economic aides to materialize major economic reforms, played a key role by convening the meeting because he wanted to straighten out the DLP on the issue. They say No blamed the DLP officials for the confusion.

The tension between the party and the government culminated a few days ago when reports in some economic dailies insisted that Deputy Prime Minister Cho Sun, Korea's top economic policy-maker and the economic planning minister, had tendered his resignation to Prime Minister Kang Yong-hun in protest against objections by ruling party officials to his stabilization-first policy.

The excitement fizzled with an immediate denial by Cho himself, but the brief episode eloquently indicated how far and deep the discord went.

The party's economic brains, led by Rep. Yi Sung-yun, a finance minister under President Chon Tu-hwan, accepted the need to implement major economic reforms—the use of real names in financial transactions, a tough composite land taxation system and a land policy based on the concept of public ownership of land—as scheduled.

But they seem to reserve the right to demand revisions of the reforms and to raise the issue at any time.

Yi, who stood beside Cho at the news conference after the meeting, indicated this when he said, "We will map out supplementary measures when the reforms begin yielding undesirable side-effects and reactions."

Their remarks on whether to take measures to revitalize exports and investment showed a delicate difference of nuance between Cho's statement that "Even now, we are mobilizing all available resources" and Yi's assertion that "We have decided to employ all our energies on a short-term range."

There is still much room for change in the months ahead after the official inauguration of a DLP economic policy team and a cabinet reshuffle.

RDP Official Refuses Opposition

SK1102043490 Seoul THE KOREA HERALD in English 11 Feb 90 p 2

[Text] Kim Sang-hyon, vice president of the now-defunct Reunification Democratic Party [RDP], yesterday said he will not join a group of defiant RDP lawmakers and other opposition politicians who are seeking to form a new opposition party.

Meeting with a group of reporters at a Seoul hotel, Kim, who until recently was a member of the organizing committee for a new opposition grouping, said he is opposed to the new party which he said, if inaugurated as scheduled, would split the opposition front and deepen regional animosity.

"I joined the group of mavericks with an ardent hope of unifying the opposition group under the banner of the sole opposition Party for Peace and Democracy [PPD] but without success," he told the reporters expressing concern about weakening of the opposition camp as a result of the emergence of the new opposition party pushed mostly by defiant lawmakers, independent and other opposition politicians from non-Cholla provinces, the power base of opposition leader Kim Tae-chung.

Yi Ki-taek, floor leader of the dissolved RDP and virtual leader of the new opposition group, declared that the merger of his group with the PPD can only be considered when Kim Tae-chung retires from the top party post, taking responsibility for the split of the opposition front shortly before the presidential election in 1987.

Kim, once the most trusted aide to Kim Tae-chung but who defected to the Reunification Democratic Party led by Kim Yong-sam, shortly before the 1987 presidential election, however, said he has no intention at the moment of joining the PPD.

Opposition Party To Be Created

SK1102024690 Seoul THE KOREA TIMES in English 11 Feb 90 p 2

[Text] A group of oppositionists who refused to go along with the merger of the three political parties yesterday decided to create a new opposition party by early April.

They tentatively decided to hold an inaugural convention for a new party on April 10, the spokesman of the group, Kim Chae-chon announced yesterday.

The decision was made at a special meeting of the Executive Committee of the group led by Rep. Yi Ki-taek, former vice president and floor leader of the now-defunct Reunification Democratic Party under Kim Yong-sam.

A task force to plan the founding of a new opposition party was turned into a secretariat system to set out the selection of promoters to inaugurate party. To found a political party, 45 local chapters are required to be organized.

Spokesman Kim said, "In selecting the promoters for the creation of the party, focus will be put on bridging the gaps between regions, classes and generations to create a national party."

He estimated that the number of the promoters will be between 500 and 1,000.

Meanwhile, former senior lawmaker Kim Sang-hyon announced yesterday that he will break ranks with the Yi Ki-taek group. He denied the possibility of his going back to the Party for Peace and Democracy, saying, "I have not been given such an offer."

Teachers Protest DLP 'Education'

SK1402004390 Seoul THE KOREA HERALD in English 14 Feb 90 p 3

[Text] A government order to "educate teachers" on the necessity of the creation of the Democratic Liberal Party is drawing strong protest from teachers.

Teachers say that the Education Ministry's instruction is another "old-fashioned" way of exploiting educators as a "political apparatus."

The controversy is likely to develop into a political dispute as the Party for Peace and Democracy, which was left on the sole opposition side because of the merger of the other three parties, sent a fact-finding team to the Inchon Board of Education yesterday.

According to officials, the ministry sent out orders last week to each of the 13 boards of education across the country, asking them to promote the new conservative ruling party in teachers' meetings.

The ministry guideline called for each school principal to be responsible for the promotion programs until next week and report their outcome to the respective board.

The ministry had distributed two publications that justify the political realignment by supporting the merger of the ruling party with two opposition parties.

Ministry officials defended the guideline by saying that it was aimed at publicizing a government policy, not a specific political party.

PPD Head Scores Merger Support

SK1402051290 Seoul YONHAP in English 0458 GMT 14 Feb 90

[Text] Seoul, Feb. 14 (YONHAP)—Opposition leader Kim Tae-chung called Wednesday [14 February] for President No Tae-u to reprimand the government officials who allegedly campaigned to generate support for the recent merger of South Korea's ruling party with two opposition parties.

"It is a shameless and unpardonable act for the government to force all civil servants, through the Education and Government Administration Ministries, to support the merger of the three parties and publicize it to the people," said Kim, the president of the Party for Peace and Democracy (PPD).

"President No should take measures to find out who was responsible for it, and Kim Yong-sam and Kim Chong-pil, who claim they joined forces in the merger for democracy and reform, should give responsible explanations," Kim said.

Kim Yong-sam and Kim Chong-pil headed the two opposition parties that joined the ruling party in forming the alliance.

The PPD leader, who was left alone in the opposition by the creation of the Democratic Liberal Party, was commenting on a controversy over publicity campaigns believed to have been initiated by the two ministries to build support for the unprecedented conservative alliance among teachers and public servants.

The Education Ministry last week ordered each of the 13 education boards across the country to promote the new party in teachers' meetings and distributed two publications that seek to justify the political realignment, according to PPD officials.

Kim said his party has set up a special team to investigate the campaign and vowed to confront the government on the matter in a special National Assembly session opening Monday [18 February].

Kim also called on No to replace the entire cabinet for failing to prevent a rash of murders, robberies and acts of arson that have alarmed the public.

PPD To Make 'Political Issue' of DLP

SK1402004590 Seoul THE KOREA HERALD in English 14 Feb 90 p 3

[Text] Amidst reports that the government is mounting a campaign to publicize the legitimacy and inevitability of the creation of the new ruling Democratic Liberal party the opposition PPD [Party for Peace and Democracy] yesterday moved to make a political issue of the campaign.

The party formed a probe team yesterday to investigate the allegation that a high-ranking official of the Education Board of Inchon City illegally instructed his board officials and private school teachers to imbue students with the idea that the merger of the former ruling DJP [Democratic Justice Party] with two opposition parties was necessary and legal.

The party presented a written instruction of the city's Education Board Superintendent Sin Hong-kyun to that effect as evidence and decided to accuse him of violating the political neutrality provision of the Public Officials Act and abuse of power.

According to the party, the superintendent has circulated the instruction on the order of the Ministry of Education. Sin was also alleged to have sent pamphlets vindicating the merger.

According to press reports, the government is staging a campaign among low-ranking government functionaries and school teachers to publicize the legitimacy of the merger and the dysfunctions of early, full-fledged implementation of the local autonomy system.

Ruling Party Lawmaker Arrested for Bribe-Taking

SK1402005790 Seoul THE KOREA TIMES in English 14 Feb 90 p 1

[Text] A ruling party lawmaker was arrested yesterday on suspicion of having received 210 million won in bribe from a pesticide manufacturer, prosecutors said.

Rep Pak Chae-kyu of the Democratic Liberal Party was placed under custody at the Seoul Penitentiary at around 7:50 p.m. yesterday evening. At the time of the bribery, he was a member of the now-defunct Reunification Democratic Party led by Kim Yong-sam.

The Seoul District Prosecutor's Office investigating the bribery scandal initially sought an arrest warrant on Sept. 12 of last year but the court turned it down because the National Assembly was in session and didn't approve of his arrest. Incumbent lawmakers cannot be arrested without authorization by the Assembly while the legislature is holding a session under the Constitution.

Rep. Pak, 44, was charged with violating the Added Punishment Law on Specific Crimes for bribery and the Added Punishment Law on Specific Economic Crimes for graft, the prosecutors said.

If he is slapped with a fine of over 100,000 won or with physical punishment, Rep. Pak will automatically lose his Assembly membership, laws stipulate.

Rep. Pak was accused of having received a total of 210 million won from Yi Kon-yong, 44, president of a pesticide manufacturer's association, in October 1988 in return for motioning a revision bill of the Pesticide Control Law to protect the vested rights of existing pesticide makers by preventing new participants.

Yi was indicted last year and sentenced to two and a half years in prison with a four-year stay of execution. He appealed to a higher court last month.

Pak, a member of the Assembly Agriculture-Forestry-Fisheries Committee, was also charged with having received 15 million won in commission after arranging a loan of 500 million won for a hospital owner in Taejon.

Earlier in the day, the lawmaker was called to the prosecution office and interrogated by Prosecutor Yi Ki-pae. He was detained as soon as the arrest writ was issued by Pyon Chin-chang, a judge at the Seoul District Criminal Court.

Growth-Oriented Economic Policies Questioned

SK0802031690 Seoul THE KOREA HERALD in English 8 Feb 90 p 1

[News analysis by staff reporter Chong Pong-uk: "Switch to Growth-Oriented Economic Policy Worries Experts"]

[Text] Will growth-oriented policies be effective for bailing out the nation's sagging economy as they were in the 1960s and 1970s?
This question touched off controversies as the new ruling party moves to shift policy accent from welfare and price stability since the early 1980s to economic growth.
Negative response to the move came from scholars and economic officials yesterday, one day after a 15-man panel, organized to prepare the inauguration of the new party, tentatively named the Democratic Liberal Party, formed an ad hoc economic committee, while signaling the policy change.
Most of six members of the committee are those who have served the Third and Fourth republics as key economic officials, rushing for high economic growth.

They are Kim Tong-kyu, Hwang Pyong-tae, Kim Yong-hwan and Yi Hui-il. Two other members of the committee are Yi Sung-yun and Na Ung-pae who were economic ministers in the Fifth Republic inaugurated in the early 1980s.
Radical pump-priming measures may help Korea attain a high economic growth this year, but they may bring about a variety of troubles, including high inflation rates at a time the Korean economy is troubled with rising inflation rates, officials at the Economic Planning Board said.
Consumer prices in urban areas rose 6.2 percent last year, after a 7.1 percent increase in 1988. The figures compare with the annual inflation rates during 1983-87, which ranged from 2.3 percent to 3.4 percent.
A senior official of the board said a structural reform and settlement of proper labor-management relations only can bail out the slumping Korean economy.
His view is shared by many scholars, including a Kim teaching at a Seoul college, who said the proposed growth-oriented policies may help the new ruling party enjoy popularity during a short period but may adversely affect the Korean economy.
The new party, a merger of the Democratic Justice Party, the Reunification Democratic Party and the New Democratic Republican Party, is scheduled to be inaugurated in early April under an agreement of their leaders—No Tae-u, Kim Yong-sam and Kim Chong-pil.
The export-driven Korean economy slumped last year when overseas shipments suffered a setback because of the weakened competitiveness of Korean industries on the international markets.
Their competitiveness has weakened in recent years because of the strong Korean won and soaring wages. The Korean won was appreciated 15.8 percent in 1988, after a 8.7 percent increase in the previous year. Wages in local industries increased at a double-digit rate for the past three years.
The labor-management disputes at most major Korean industries in recent years, which have often ended in strikes, are another major factor responsible for the slackening economy. Radical labor movements served as a factor against investments.
It was not until the early 1960s that Korea started to develop its backward economy armed with a series of ambitious five-year plans. The development programs were successful as they brought about a "miracle of the Han River."

* Financial Industry Reform Detailed

902C0065A Seoul CHUGAN MAEKYONG in Korean 2, 9, 16 Nov 89

[2 Nov 89 pp 38-41]

[Text] What follows in a three-part series is the text of a thesis, entitled "Reform of the Financial Industry and the Direction of the Secondary Financial Sector," which was presented by Professor Yi Chae-ung of Songgyungwan University at a symposium on the development trend of the capital market sponsored by the Korea Investment Trust Corporation.

Excessive Financial Regulation Breeds Imbalances; Favorable Balance of Payments Hopefully Will Lead to an Even Spread of the Benefits of Financial Services

Until as late as the early 1960's, the financial industry of our country had remained simple in structure with banks comprising the bulk of it. Some insurance firms and trust companies constituted nearly all of what nonbank financial institutions there were, and their relative importance or role in the financial market was minimal. Since then,

however, the financial industry has undergone periodic reforms necessitated not only by the changing economic and financial environment but also by political reforms occurring at the same time. From the long-term perspective, the special feature of the reform process of the financial industry may be summed up as being the reflection of periodic changes in government regulations of the industry. Specific manifestations of such regulatory changes have resulted in the birth of new financial services industries or new financial institutions, the additions and expansion of the existing financial institutions, the change in the ownership structure of financial institutions, the expansion of autonomous management, the adjustment of the lines dividing the respective business activities of different segments of the industry, and the liberalization of interest rates.

To begin with, the far-flung restructuring of the financial industry at the onset of the 1960's was aimed at increasing the government's capacity for capital distribution in support of the implementation of the government-led economic growth strategy. In effect it meant the strengthening of government's regulatory control of financial activities. More specifically, under the 5-year economic development plan launched immediately following the "16 May Revolution" [the military coup of 16 May 1961], bank stocks previously owned by unsavory wealth accumulators (financial cliques) reverted to the state treasury, making the government the owner of all the banks; this coupled with the 1962 revision of the law governing the Bank of Korea resulted in stricter regulatory controls of financial institutions.

Partial Deregulation Spawned Secondary Financial Sector

Moreover, during the second half of the 1960's, in order to expand its policy-guided financing programs, the government established such special banking institutions as agricultural cooperative associations, the banks for small and medium businesses, the People's Bank, the Foreign Exchange Bank of Korea, and the Housing Finance Bank of Korea. It seems that the government's intention in those days was to try to raise and distribute funds for economic growth through the banks by expanding and regulating a bank-oriented financial system comprised of ordinary and special banking institutions. But such a simple bank-oriented financial system, subjected to firm regulatory controls by the government, proved incapable of meeting the domestic demand for capital procurement, and its side effects led to a significant expansion of the private loan market.

In the end, the situation as noted above necessitated partial deregulation of the financial industry in the early 1970's—a move designed to absorb the private loan market into the institutional financial sector and to diversify the financial industry; this move led to the emergence of a secondary financial sector that coincided with the advent of the "Yusin" structure. In 1972, the government boldly effected the 3 August emergency measure that led to the absorption of the private loan market into the institutional financial sector; also, in the interest of nurturing the money market and energizing the consumer financing, the government moved to either newly establish or augment and expand such nonbank financial institutions as investment financing firms, mutual credit associations, and credit cooperatives. In addition, savings institutions, such as mutual savings and loan banks and "Saemaul" credit associations, and investment institutions, in the form of comprehensive financial firms were also established.

Meanwhile, in the interest of facilitating effective mobilization of domestic capital and greater repletion of corporate equity capital, the government formulated a versatile measure designed to foster the direct financing market. In 1974, a "plan to establish the conditions for the accommodation of the capital market" was devised and the very first company solely devoted to the securities investment trust business was established for the purpose of facilitating the expansion and popularization of the securities market. As a result, at last, our country's financial industry, which had been dominated by banks in its makeup, began to equip itself with a variety of nonbank financial institutions, such as savings institutions and investment firms, and with the capability to provide diverse financial services, leading to the emergence of a financial market subject to less regulatory controls as compared with banks. That a nonbank financial industry was fostered through the easing of regulatory controls was in effect a revelation of the limits and failures of the government's regulatory activity. This development, moreover, paved the way for the transition of the financial industry from its bank-oriented system of the past to a market-oriented system.

In those days, the regular banks were mainly responsible for the payment-settlement function including the handling of monetary deposits while the special banks took care of policy-guided financing activities; on the other hand, the nonbank financial institutions exercised a variety of functions as represented by savings institutions, investment firms, insurance companies, etc. In the beginning, as a rule there was a division of the lines of business among these different categories of financial institutions on the basis of the principle of specialization.

Cumulative Effects of Regulatory Controls Worsen Banks' Atrophy

The difference in the regulatory controls over the banks, on the one hand, and over the nonbank financial institutions, on the other, resulted in a marked imbalance in the development of financial institutions. Relatively speaking, the growth of banks withered while nonbank financial institutions grew rapidly to become the driving force for the development of financial services during the 1970's and thereafter. Consequently, the bank's relative importance in the financial market declined gradually to the level less than half of the unchallenged leading status it had enjoyed in the past.

Toward the end of the 1970's, however, the government-led economic policy and excessive financial regulation in its support became an impediment to the economic growth. In the early 1980's, the economic growth slowed and structural imbalance worsened; a high rate of inflation and a turn for the worse in the balance of payments position emerged as serious problems. Moreover, cumulative ill effects of the financial regulation drove the banks into operational difficulties of major proportion. Additionally, the growing pressure from the advanced industrial nations for further opening-up of our domestic financial market brought to the fore the matter of normalizing the operations and strengthening the competitiveness of the banks as an urgent task. These rapid changes—some internal and others external in nature—in the financial environment begged for a move toward self-regulation of the financial industry.

The reform of the financial industry that began in tandem with the political changes in the early 1980's was aimed at restoring the competitive balance, promoting greater competition, and improving the efficiency of financial institutions. In conjunction with the question of balance, an effort was undertaken to readjust the division of the lines of business among different types of financial institutions. In the interest of greater competition and efficiency, steps were taken to privatize the banks, to allow more new financial institutions to be established, to permit the development of new financial instruments, and to expand the groundwork for autonomous management of financial institutions. Financial institutions were allowed to expand their lines of business activity beyond the limits imposed by the principle of specialization; this action, however, was primarily intended to improve the competitiveness of the banks that had been weakened.

The effort toward self-regulation of the financial industry led to some systemic improvement in the early stage but failed to achieve any more substantive progress beyond that. Among the reasons was the fact that the banks had already been so weakened that it was impossible for them to strengthen their competitiveness and to settle outstanding bad loans on their own without government intervention. Moreover, the chronic state of excessive demand for funds on the capital market made it necessary for financial institutions to rely heavily, either directly or indirectly, on government agencies to solve the problem of raising the funds they needed.

In the final analysis, the focus of the reform of the financial industry in the early 1980's was narrowed to three things: the readjustment of the lines of business, the privatization of financial institutions, and allowing the establishment of new financial institutions.

When the adjustment of the lines of business and the self-regulation of the financial industry are pursued in tandem, efficiency and balance can be achieved in a mutually complementary way. But if the adjustment of the lines of business alone were undertaken when the move toward the industry's self-regulation is lagging, the result will more likely end up a a pursuit of balance at the expense of efficiency or a downward levelling of the performance of financial institutions. In other words, an adjustment of the lines of business designed to restore the balance between the withering banks and the growing nonbank financial institutions will simply constitute an indirect shifting from the banks to the nonbank financial institutions of such burdens as the regulatory strains and atrophic factors attendant to policy-guided financing among others.

In this sense, it was difficult to expect a harmonious development of the financial industry in terms of efficiency and balance from the industry's reform undertaken during the first half of the 1980's. In this connection, as another reason for the stultification of the move toward self-regulation of the financial industry we can cite the fact that the reform efforts were led by the government and kept within the confines of a limited framework.

Furthermore, with the easing of the extreme political and economic difficulties in the early 1980's followed by favorable economic trends, such as stabilizing prices, rebounding growth, and improving balance of payments, which began in 1983 and continued on, the government's mood changed from frustration to one of renewed confidence in terms of economic management. This seemed to have diminished the sense of urgency about the need for self-regulation of the financial industry and energizing the market economy. As a natural consequence, the government-led effort to promote the self-regulation of financial institutions only exposed the limitations in the reform of the financial industry. Such reform efforts as noted above had taken place prior to the eruption, and subsequent reflection in various sectors, of the fervent aspiration of the people for the democratization and liberalization of our society.

Favorable Balance of Payments Hopefully Will Produce Over-supply of Funds

Recent new changes in the internal and external financial circumstances have evoked once again the argument for the reform of the financial industry. One of the most important circumstantial changes has to be the turn for the better in the balance of payments position. The salutary efforts of this change have indeed been far-reaching: not only is it improving the efficiency, promoting the liberalization, and facilitating the internationalization of the financial industry, it is also promoting an even spread of the benefits of financial services. When the surplus balance of payments becomes a regular trend, sooner or later the excessive demand for funds in the capital market will abate to be replaced by an over-supply of funds. The resulting improvement in the corporate financial structure and availability of surplus funds on the part of financial isntitutions are expected to narrow the gap between the market interest rate and institutional interest rate and also to lower the level of interest rates in general.

Under these circumstances, financial institutions will face greater competition with one another as all of them try to make better use of their surplus funds; in this connection, they are expected to beef up their function for reviewing loan applications. Financial regulatory controls will diminish while the distribution of funds will become more effective. In a related development, the government has already deregulated interest rates. The deregulation of interest rates will have a major impact on the financial market. It will promote greater competition among financial institutions and deepen organic relations among financial assets. Consequently, it will contribute greatly toward improving the efficiency of the financial industry.

When the market is awash with funds, the market interest rate will fall below the rate charged on bank loans as has happened in the financial markets of the advanced industrialized nations; also, moves such as securing financing and expansion of direct financing will be further accelerated, bringing a market-oriented financial system firmly into place. In this process, the banks with their rate of earnings declining and their market shares shrinking will inevitably launch an offensive in order to make inroads into peripheral business operations and even into the areas of business belonging to other financial institutions. To counter such a move, the nonbank financial institutions will attempt to preserve or expand their business turfs, and the inevitable result will be rivalry and clashes among financial institutions.

Those financial institutions with surplus funds on hand will make concerted efforts to develop new markets and new financial instruments. That will go far toward spreading evenly the benefits of financial services.

Meanwhile, a rise in people's incomes and savings will lead to a greater demand for new and multiform financial assets. With liquidity, security, and profitability in mind, the savers will prod the development of diversified financial instruments, forming competition among financial institutions in this regard. The savers will become sensitive to interest-rate fluctuations; they will look beyond bank deposits and will gradually opt for securities investment with higher risk and greater profitability.

The expansion of intermediary institutions and the market information dissemination function, both of which tend to enhance the functions of the financial market, will bring higher efficiency to the financial industry. As the financial market develops, the functions of brokers and dealers will become necessary and the interbank market will grow active. In the case of securities investment, rather than individuals making direct investment, the professional proxy investment functions such as investment trust will expand and so will the role of institutional investors as well. Also to be expected is the development of such financial techniques as forward trading, which reduces the risks attendant to price variations among different kinds of financial instruments, and investment diversification that spreads the risks. In other words, the financial market will gradually shift its orientation from the banks to the markets.

The favorable turn in our balance of payments position will increase the pressure for us to further open up our merchandise, financial, and capital markets. As the deregulation of foreign exchange and the liberalization of capital make progress, sooner or later a foreign exchange market will develop, creating more opportunities for our people to make investments overseas and for foreigners to make investments in our country, which in turn will accelerate the internationalization of our financial and capital markets. International finance and capital transactions using foreign exchanges will lead to a significant expansion of new markets. Accommodating such new markets and new instruments will take an approach quite different from a readjustment of the boundaries separating the traditional business activities of the different categories of financial institutions. In the future, more attention will need to be focused on the question of who will most effectively take possession of the expanding pie. In other words, a readjustment of the business boundaries, if it is to have salutary effects on the development of financial services, must be carried out from the future- and efficiency-oriented standpoint rather than as a move merely to rearrange varied interests from a "rent" collector's perspective.

Meanwhile, in our society, the rapidly advancing democratization trends of late are giving impetus to the economic democratization and financial liberalization as well. Not only will the regulatory controls in general diminish in scope, the method of controls, too, will in the long run shy away from the "positive list system" and will gradually shift to the "negative list system" based on the principle of autonomous management of financial institutions.

The reason for such a shift is that the "positive list system" tends to suppress financial reforms and creativity and thereby restrict the development of financial services. The democratization trends are expected to generate significant progress toward an even-sharing of the benefits of financial services and improving distribution. The easing of the concentration of economic power will also lead to the easing of the concentration of financial services for major corporations. The result will be that financial services will not only be expanded for the common people, the petty businessmen, and smaller businesses but also be extended more than before to those areas that have been neglected or otherwise lagging behind financially. But the financing for priority social sectors is likely to remain in the domain of the policy-guided financing.

Reform for Reform's Sake Will Not Do

Additionally, in progress worldwide today are the deregulation, securitization, globalization, and integration of financial services as well as financial reforms through the introduction of, among other things, data communications technology. Occurring in conjunction with these

developments is a trend toward mixed operations in the ongoing efforts to readjust the business boundaries between different types of financial institutions. These reforms of the financial industry are actively under way especially in the advanced industrial nations; as the areas of operations expand and become overlapped with one another among financial institutions, these institutions and the competent authorities are faced with the complex and difficult task of maintaining the stability, soundness, and competitive balance of the financial markets. In particular, the excessive competition and vanishing specialization resulting from the trend toward mixed operations are very likely to emerge as a significant cause of financial instability.

As a general rule, if political and historical background factors are disregarded, when the financial environment is stable, a financial system based on specialization is better. But when the financial environment is changing rapidly, throwing the relative superiority of financial institutions into a state of flux, it may very well be necessary to consider a temporary expansion of the areas of operations of financial institutions in order to allow a new relative superiority to emerge. But the reason why the bank-centered mixed operations approach (universal banking) has traditionally been maintained in West Germany and other European countries is that in those countries the government role has been stressed in the matrix for economic development. As a result, however, the financial industries of these countries have considerably lagged behind their counterparts in the United States and Great Britain; hence, voices critical of the mixed operations approach have arisen recently in those countries.

An argument is afoot of late that the financial industry of ours ought to be reformed following the trends for such reforms among the advanced industrial nations. The important thing is, however, that any such reform must be undertaken in the direction appropriate for the financial structure and changing circumstances of our country. For there is a considerable difference between the regulatory relaxation in the advanced industrial nations and the financial liberalization in our country in terms of background, the subject, and substance. In reality, changes in the economic environment and countermeasures thereto are more continuous and routine than intermittent. Thus, the response to a change needs not necessarily be a reform for the reform's sake, nor should it result in hasty adoption of the mixed operations approach or other ill-conceived measures that could possibly hinder the overall stability and soundness of the financial market.

[9 Nov 89 pp 68-71]

[Text] Stability, Soundness Are Prerequisites to Reforms; Major Differences Between Specialization and Mixed Operations

Generally speaking, the function of a financial institution is to transfer funds from the saver to the borrower. In that process financial institutions face considerable risks. The degree of risk chosen by financial institutions varies from one institution to another for it reflects the level of risk preferred by the respective clientele. For example, the bank's risk-taking capacity is quite limited on account of the low level of risk preferences among its depositors. Deposit-taking institutions such as regular and savings banks are obliged to place emphasis on lendings of relatively low risks in order to protect depositors. In contrast, the securities business handles earnings and risks of much higher levels. The reason for this is that those who invest in securities are not only willing to take much higher risks but also more sensitive to their investment earnings than are bank depositors.

On the whole, a financial system evolves in close parallel with the economic development and risk-absorption capabilities. In the early stage of financial development, the financial system will take the "bank-oriented" form, in which the bank becomes the principal intermediary that links savings to investment. But as the economy develops, a greater risk-absorption capacity will become necessary. Accordingly, the financial system will evolve in the direction of "market-oriented" mode. In this stage, a large portion of savings will become directly linked to investments at the market place. The form of financial transactions, too, will shift from the "personal trading" mode as in the case of deposit and lending transactions to the "market trading" mode, in which prices and other terms of trading are determined through competition among many faceless traders at the market place; also, the financial "securitization" phenomenon will expand.

A Measure of Regulatory Controls Inevitable To Preserve Public Interests

Evolutionary development of the financial system will strengthen the risk-absorption capacity of the overall economy and thereby facilitate economic development. This leads to a change in the relative importance of the banks and savings institutions, on the one hand, and investment institutions such as securities firms and investment trust companies, on the other hand. In other words, the intermediary function of the latter groups will become greater than that of the former group because market intermediaries are capable of absorbing greater risks as compared with financial intermediaries.

Regulating and supervising financial institutions to prevent them from taking excessive risks is very important from the standpoint of preserving the safety and soundness of the financial industry; this is the very justification for the existence of regulatory controls by the government. The financial industry is fraught with such potential causes for market failures as externalities and information asymmetry. Hence a measure of regulatory controls is inevitable in the interest of ensuring the public nature of the financial industry and of preventing possible market failures. It is regulatory controls that have the greatest impact on the development, stability, and soundness of the financial system. Depending on its

degree, regulatory controls can either promote or deter the development of the financial system. Also, regulatory controls can oblige financial institutions to bear either excessively great risks or timidly limited risks. Both excessively bold risk-taking and overly passive risk-taking will tend to diminish the efficiency and investment earnings of financial institutions and hinder financial development. For instance, control of interest rates, suppression of such financial innovations as new products and new techniques, and excessive regulation of business boundaries, capital scale, and ownership structure of financial isntitutions will tend to retard financial development. On the other hand, appropriate regulatory controls receptive to financial reforms and facilitative of competition will speed up financial development. Such controls, however, must be premised on preserving the stability and soundness of financial institutions and the financial market as a whole and on protecting the depositors. For these purposes, financial institutions must be kept from taking excessive risks and be held responsible for providing the investors with sufficient information regarding the risks. Also, the regulatory controls by and supervisory function of the government must be so directed as to curb unfair financial transactions by minimizing the interdivisional conflict of interests within financial institutions.

Reforming the financial industry is difficult enough, but what makes it even more difficult is that it invariably touches off the questions of conflict of interests and competitive balance among financial institutions.

Operational Expansion Could Lessen Banks' Stability

In our country, too, a strong argument has been afoot lately in support of banks' making broader inroads into nonbanking operations such as the securities business. But an excessive broadening of business activities could expose the banks to unduly heavy risks and is therefore liable to hinder sound management and protection of depositors. Such risks could ultimately turn the banks into a state of atrophy once again and thus into a liability for the entire people to bear. It is for these reasons that recently in countries such as the United States and Japan the dominant view has come to insist that, rather than allowing the banks to take on nonbanking financial activities directly (in-house), the subsidiaries of bank-holding companies should be permitted to handle such activities. The same argument further insists that a rigid "firewall" be erected between the bank and the holding company so as to prevent the risks arising from nonbanking financial activities of the holding company from spreading to the bank. Strictly speaking, therefore, it is fair to say that what this argument is calling for is an expansion of business activity not of the bank but of the holding company, and that what it is advocating is the doctrine of specialization (sound banking). If, on the other hand, the bank is allowed to directly expand its area of business activity and move in the direction of mixed operations, the consequence would be two-fold: first, the financial system would regress from the market-oriented mode to the bank-oriented one, inhibiting the financial development. For, in other words, as the bank takes on excessive risks the financing activity itself is apt to become atrophied. Second, as the concern grows that the bank's stability may be threatened, the government will be obliged to provide an unlimited safety net or allow an excessive concentration of financing in order to prevent the bank's insolvency. As such, excessive risk-taking by the bank will either destabilize the financial market or necessitate inordinate relief measures by the government; additionally, there is a strong possibility that reduced competition will lead to inefficiency.

Either Approach Has Both Merits and Demerits

Traditionally, European countries have been inclined toward the mixed-operations approach while the United States, Japan, and the United Kingdom have stayed with the specialization approach. The direction of future developments is uncertain, but thus far no evidence has been uncovered, in theory or through experience, that the mixed-operations approach is either ideal or superior to the specialization approach. Moreover, financial deregulation does not necessarily mean that every financial institution must adopt the department store-like operational approach; on the contrary, institutions that specialize in certain types of financial services can be just as competitive.

Another problem is that when the bank moves in the direction of expanding its line of business activity, the question of competitive balance will turn into a question of competition of scale. Being able to provide a variety of financial services is not without merits such as diversification or dispersion of the risks and the "economies of scope," but more important is the real likelihood that it would give big financial institutions a ready means to overpower small specialized financial institutions and thereby restrict competition. By taking advantage of its vast capital, network of branch offices, and superior manpower, the bank can even drive effective but smaller financial institutions off the market. Further, although expansion of the line of business activity strictly in the interest of competitive balance has such benefits as economies of scope, diversification of risks, and synergies, it is impossible to be sure that such benefits would outweigh those accruable from specialization and relative superiority.

In our country, too, as the financial environment changes, a measure of reform of the financial industry, including the expansion of the bank's line of business activity, is inevitable. But considering the marked disparity among financial institutions in terms of their relative superiority and risk-absorption capacity, the reform must be kept within the limit that would not impede the stability and soundness of financial institutions. Moreover, the public nature of the financial industry should be weighed no less than its efficiency and equity in considering the reform. It is to be desired that financial institutions strive for higher efficiency for commercial motives. But such an inclination should be checked from turning into a cause of unfair business

practices disruptive to the financial order, and this should be one of the aims of any reform of the financial industry. In this connection, one particular matter of concern should be the strong possibility that financial institutions, subject to "principal-agent" relationships among themselves that are the inevitable consequences of information asymmetry, may not always or necessarily act efficiently and sincerely in the interest of their shareholders, depositors, borrowers, and the economy as a whole. This is so because it is more a rule than exception that the more a financial institution expands its area of business activity the more conflict of interests will come into play between the different lines of business activity, increasing the likelihood of abusing information and indulging in unfair transactions by the financial institution. Thus, when reforming the financial industry, it becomes a very important issue as to how to reconcile the conflicting interests not only between different financial institutions but also between different lines of business activity within a financial institution.

Secondary Financial Sector Leery of Inroads by Banks

Attempts by the banks to expand their lines of business as a means to regain competitiveness have touched off a debate on the question of the financial industry-wide reform. To begin with, nonbank financial institutions are trying to check the inroads into their operational turfs by the banks; at the same time, however, they are trying to make further inroads into the bank's operational activities such as the payment settlement function and the lending business. Faced with this situation and in the interest of promoting more effective currency management, the Bank of Korea is poised either to constrain the nonbank financial institutions from handling quasi deposits or to impose on them the obligation to establish payment reserve funds as in the case of the banks.

Meanwhile, similarly competitive attempts to raid each other's business domain are now in progress among nonbank financial institutions themselves, who have thus far remained relatively specialized in their business activities. As a result, the financial market is experiencing a great deal of confusion and heightened uncertainty on the question of how to adjust the operational boundaries between different types of financial institutions. Against this background, the Bank of Korea, academia, and the research organizations are all putting together their own proposals for reform of the financial industry, while individual segments of the industry, too, are each trying to figure out what direction they should proceed in order to adapt themselves to the changing financial environment. Generally speaking, the reform proposals already aired by the Bank of Korea, the research sector, and the academia are focused primarily on the questions of improving the environment for the financial market and adjusting the business boundaries between different types of financial institutions. The Bank of Korea, for instance, is standing on the division-of-labor principle, advocating the strengthening of the banks' competitiveness and the tightening of regulatory controls on nonbank financial institutions, which essentially boils down to the idea of preserving the competitive balance between the banks and the nonbank financial institutions. Other proposals made public by the research sector and academia are calling for a measure of expansion of the perimeter for the financial services operations.

In contrast, the reform proposals being put forth by different segments of the secondary financial sector are summarized as follows:

First, while all financial institutions object to their particular lines of business activity being copied by other institutions, most of them are contradicting themselves by arguing that they should be allowed to expand into peripheral financial activities and even into those business activities peculiar to other financial institutions. They justify their argument generally on the ground that it is necessary in order for them to meet diversified financial demands of their clientele and to improve the efficiency of the financial market by promoting more competition. They further augment their argument by pointing out that the general trend in the advanced industrial nations, too, is for financial institutions to expand their lines of business activity and to adopt the mixed-operations approach. For the most part, they seem to be demanding an expansion of their business perimeters for one of the reasons: either their own turfs are being threatened to be invaded by other financial institutions or the profitability and competitiveness of their own business activities are diminishing. The latter situation, in particular, arises because certain financial instruments have a higher profitability than others. And yet when it comes to weighing the relative superiority or risks inherent in different instruments, those financial institutions are generally not being careful enough. I attribute this phenomenon to two things: one is the inadequate deregulation thus far of interest rates; the other is the disparity in the extent of regulatory controls and in the degree of competition to which different types of financial institutions are being subjected. Thanks to the financial regulations and government's protection, these financial institutions have become used to only a limited competition and have become lax in their risk awareness. This being the case, once these problems are remedied and new financial institutions are coming into being in increasing numbers, there should be no reason why every financial institution must necessarily move in the direction of mixed operations. Furthermore, a request for the adjustment of business perimeter arising from disparity in profitability and competitive conditions can also be solved by allowing the requesting financial institution to switch its business category.

Voluntary Consolidation and Realignment Could Serve Rationalization Purposes

Second, the secondary financial sector is calling for, as the main points in its reform proposal, the expansion of corporate net worth to enhance competitiveness and the public disclosure of corporate operations. The idea is

designed to induce a situation wherein all financial activities will be bound by the limitations of a certain ratio of net worth and to expand operational capacity under that situation.

Although a capital increase has the effect of expanding the scale of a financial institution and thereby enhancing the level of public confidence in it, it is not necessarily a measure lending to a greater efficiency of capital. In the advanced industrial nations, financial institutions have the tendency of resorting not only to capital increases but also to mergers and acquisitions as a means to make themselves bigger and at the same time to achieve structural reforms, to improve efficiency, and to strengthen competitiveness. In our country, however, other than instances of a failing institution in the state of liquidation being absorbed by another, voluntary and expansive mergers of financial institutions rarely occur. In view of this, encouraging voluntary integration or realignment of financial institutions may very well prove to be an effective way to curb excessive competition, on the one hand, and to strengthen the competitiveness, on the other hand, through operational rationalization and expansion. Moreover, the current trend is toward the opening up of the financial, capital, and insurance markets. In order to be able to compete with foreign financial institutions both within and outside our country, capital increases alone by our individual financial institutions will fall far short of what is required to strengthen our competitiveness quickly enough.

Third, the proposal seeks approvals for the establishment of branch offices. Those seeking such approvals are not limited to the institutions that have thus far been denied of the authority to establish branch offices. Provincial financial institutions want to set up more branches in Seoul; banks and securities firms want to open more branches domestically as well as abroad. Nearly all financial institutions seem to be taking the position that more is better when it comes to the number of branch offices. But certain financial institutions by their nature do not necessarily require branches (many of them); also, from the standpoint of promoting competition, sometimes it is better to have new financial institutions come into being rather than letting existing institutions establish their branches. In any event, further scientific study seems to be in order regarding the question of allowing new financial institutions to be established or letting the existing ones open up new or additional branches.

[16 Nov 89 pp 71-73]

[Text] Autonomous Management Is Prerequisite to Reforms; Investment Trust International Operations Must Be Strengthened

Nearly all of our country's financial institutions have, to a degree, maintained the functions of a savings institution. The reason for this is that the importance of savings as a source of domestic capital has always been emphasized in the past. Looking ahead, however, domestic savings are expected to exceed the investment needs, creating surplus funds. In view of this and given the prospect of increasing competition, it would be desirable for various types of financial institutions to separate the savings function from their respective intrinsic functions in the interest of specialization. Be that as it may, because the perimeters of business activities of financial institutions have already expanded so considerably that even some investment institutions are now into the savings function fairly deeply, there is an understandable need to let these institutions continue to maintain their branch offices. Nevertheless, a reexamination is warranted on the question of whether it is indeed essential from the standpoint of improving the efficiency, the profitability, and the competitiveness for these financial institutions in search of the direction for their long-term development to persist in their quest for approvals for the establishment of new or additional branch offices.

Fourth, the proposal argues that autonomous management of financial institutions must be expanded. In the past, the regulatory hands of the government have directly or indirectly played a significant role in influencing the assets management and personnel affairs of financial institutions—this trend is still continuing. Take the banks, for example: On the surface and for the most part they appear to have the foundation ready for autonomous management, but when it comes to internal operations, even on matters which have been deregulated systemwise, they in fact frequently seek advance consultations with the policymaking agency rather than making their own decisions; the policymaking agency, too, it seems, is providing administrative guidances to the banks just as frequently as it deems necessary. Likewise, in the case of interest rates, too, although deregulation has been in effect for some time, in reality many aspects of the matter are still being regulated through such means as administrative guidances.

Another reason for this state of incomplete autonomy in the management of financial institutions is the institution's internal failure to adequately delegate the decisionmaking authority to the lower echelons. In other words, even if the autonomy of internal management of these institutions were guaranteed by the external system, so long as all the internal decisionmaking power remained concentrated in the hands of the institutions' top-level executives, it would be difficult to achieve such intrinsic objectives of the autonomous management as bringing creativity into full play and improving efficiency through competitive participation.

Improving Ownership Structure Is the Short Cut to Autonomy

The reform schemes as noted above can be viewed for the most part as being based on the interests of individual financial institutions. These contentions aside, if I may add two more, they are as follows:

Fifth, recently, on the eve of the planned full-fledged reform of the financial industry, the government has

approved the establishment of many new financial institutions. Among them, besides banks, are regional investment trust firms, nationwide-scale joint investment firms with foreign countries, regional-scale life insurance companies, regional leasing companies, and regional small business banks. It is the government's policy to promote competition and broaden the supply of financial services by this action, i.e., approving the establishment of many new financial institutions.

Approving the establishment of financial institutions is an authority vested in the government; as such, it can be said that the government is the party directly interested in this affair. Looking back, each reform of the financial industry in the past was accompanied by government's actions to either increase the number of existing financial institutions or establish new ones. Specifically, special banks were established following the 16 May military coup of 1961, the secondary financial sector came into being with the inauguration of the "Yusin" order, and the early days of the Fifth Republic saw an increase in the number of existing financial institutions. Likewise, under the Sixth Republic, too, as reform of the financial industry progresses, more financial institutions have been established. As a result, the government is expected to face an increasingly vocal demand by financial institutions for an improvement of the financial environment. The outlook points toward a strong likelihood of conscious efforts to improve the operational environment of financial institutions through financial deregulation, realignment of business boundaries, and autonomous management. Also expected is a narrowing of the gaps in the profitabilities of different types of financial institutions as a result of greater competition. The experience of past reforms of the financial industry has fully demonstrated the validity of these possibilities. In the past, whenever the government approved the establishment of a new financial institution—be it one of the existing kinds or of a new type, the government also saw to it that favorable conditions existed in the financial market to enable the new-born institution to become fully competitive. Also, whenever the competitive gaps widened between different institutions, the government made it a practice to redress the situation by either readjusting the business boundaries of these different institutions or approving certain institutions to handle a new kind of financial instrument.

Sixth, improving the ownership structure of financial institutions is very important from the standpoint of expanding autonomous management and enhancing competitive and efficient operations. That privatization alone does not solve the questions of ownership structure and management autonomy has been demonstrated by the results of the bank privatization and the experience of investment trust undertakings. One reason for this has been the failure of the privatized institutions to establish a stable force of shareholders. This has in effect enabled the government to exercise a great deal of influence on the personnel and operational affairs of these institutions.

Also there were times when it was feared that an "institution without master" would impede the profit-motive-inspired development. Despite all these negative aspects, it is also a desirable thing to restrain a major financial institution of high public-service interest from turning into a private bank of, or becoming operationally controlled by a certain individual or a big enterprise as a result of the dispersion of its ownership. Very important in this context are the selection of a good management team for a financial institution and providing the team with motivational incentives for responsible management of the institution. There are some who argue that, in the interest of preventing a financial institution from turning into a private bank for a big business and facilitating the formation of an influential corps of shareholders, it is desirable to let the pure financial investors' share of ownership grow. Especially in view of the growing trend within the secondary financial sector of big businesses' taking over the ownership of financial institutions in a concentrated manner, the question of how to improve the ownership structure to strike a balance between the public-service interests and greater efficiency is one of the key tasks facing the financial industry reform.

A financial institution is an enterprise that must maintain relations with layers of clientele, shareholders, employees, the policymaking authorities, and many fellow financial institutions—a multitude of special interest groups; it is an enterprise that must value not only profitability, but also the public service interests. Cooperative actions are required between these different interest groups but at times various forms of conflicting interests are bound to surface. A reform of the financial industry must therefore reflect evenly the interests of these various special interest groups including the financial institutions.

Investment Trust's Unique Function Must Not Be Encroached

More than 15 years have elapsed since the investment trust system was introduced in our country. During this period, the investment trust business has grown rapidly thanks to government measures to develop and popularize securities market, the rise in the national income, and the diversification of the demand for financial assets. Also, in the early 1980's, as part of the plans to internationalize the securities market, beneficiary certificates in the amount of $140 million were set aside for foreign nationals. But the worsening atrophy of the banks that began at the turn of the 1980's has led to an overall business environment less favorable than before the secondary financial sector—a development necessitated by reasons of competitive balance. Consequently, the short-term credit business and the investment trust business, which had achieved rapid growth, have become subjected to various competitive restraints.

For instance, in the early 1980's, the number of short-term credit dealers was increased greatly and banks and securities firms were allowed to handle some of the

short-term credit functions, resulting in a serious deterioration of the competitive condition. A similar situation is developing of late in the investment trust business. To wit, the policymaking authorities are tightening up various regulations and are curbing the growth of the investment trust business. Moreover, recently the government approved the establishment of five additional companies that are to specialize in the regional investment trust business. As a result, soon there will be eight investment trust speciality companies and six general financial companies competing ever more fiercely with one another on the market. If, despite such aggravation of the competitive conditions, the policy of curbing the growth of the investment trust business should continue, all investment trust firms—new and old alike—will face the danger of diminishing competitiveness and becoming atrophied. To make things worse, lately other financial institutions one after another are developing quasi investment trust instruments and making inroads into the area of business unique to the investment trust activity.

But, given the investment trust's role as institutional investors in the capital market, its function as professional investment management agents, and its savings function, rather than artificially regulating this growth segment of the financial industry, it would be better to reduce regulatory controls on competitively weak segments of the industry to facilitate their natural growth.

From this standpoint, let us examine several ways to strengthen the functions of investment trust. As I have already touched upon those aspects that are of general interest to the secondary financial sector, the ensuing discussion will take up only those areas that are of particular interest to the investment trust business.

First, lately other financial institutions have been developing many quasi investment trust instruments and the amount of trust deposits via such instruments has been rising sharply. For example, in the case of the "super trust," an unspecified money trust developed by Citibank's local branch, and the "noncurrency trust" which is being competitively developed by various banks, more than 80 percent of their trust assets are being invested in securities, making them de facto investment trust instruments encroaching the business area unique to the investment trust function. Additionally, securities firms and insurance companies, too, are developing such new instruments as BMA (bond management account) and variable-value insurance and are in effect trying to get in on quasi investment trust operations. Serious problems arise when, as noted above, banks, securities firms, and insurance companies not only encroach on the business area peculiar to the investment trust operations through irregular means but also try to combine the investment trust operations with their traditional lines of business.

Furthermore, it is an unprincipled act for the policymaking authorities to permit other financial institutions to engage in the business area unique to the investment trust operations when the direction of reforms of the financial industry has not even been defined yet. Encroaching into someone else's business domain for no good reasons and simply because "the other fellow's pie looks better" is a mirror reflection of the lack of discipline and moderation characteristic of our financial market today. It is against this backdrop that today every financial institution is trying to establish itself in a position of advantage before the financial industry reform becomes a reality; for this purpose, one institution is willing to go so far as to erecting an unlicensed structure on another's lot as a means to stake out a vested interest—such an act is disruptive to the financial order and the policymaking authorities should neither encourage nor condone it.

Above all, the financial industry reform must not be viewed as a "zero-sum" game intended simply to determine who is to have a larger share of a given pie. Ultimately, the reform must lead to a balanced development of the financial industry and for this reason it must be future-oriented. In other words, it will have to be a "plus-sum" game of building a pie and figuring out how to divide the growing pie effectively. Thus, a downward-leveling measure that stifles a growth sector and aids a competitively weak sector is bound to prove arrestive to the overall financial development.

Principles Must Be Applied Equally to All Institutions

Second, in keeping with capital liberalization the international operation of the investment trust business should be strengthened. Investors of our country are still almost totally devoid of either the experience in or cumulative knowledge and information on overseas investment. Under this circumstance, the way to energize overseas investment is to start with investment trust in which the risk dispersed systematically. The soundness of this approach is borne out by the fact that the growth and development of the investment trust operations in the advanced industrial nations were initially motivated by the desire to disperse the risks attendant to overseas investments. Also, as our domestic capital market is opened up and expanded, the number of foreigners investing in our country is bound to increase significantly. They, too, are likely to feel their way into our market by starting with indirect investment through the investment trust system. The role of selling domestic beneficiary certificates to foreign investors must be handled by the investment trust company. With these purposes in mind, additional international funds should be newly established and a "matching fund" should be developed as well so as to provide both domestic and foreign investors with ideal means of dispersing their risks. In addition, the investment trust companies should be allowed to handle the overseas securities underwriting business. Yet, at present, the investment trust companies are being restricted more than the securities firms are when it comes to the extent to which they can involve themselves in international operations.

Unlike domestic financial operations, international operations ought to be as free as sailing on the high seas.

In the confined domestic financial market, operational rivalry and discords can occur among financial institutions, but in the vastness of the international financial market there can only be international competition—rivalry between domestic financial institutions is meaningless there. In most of the advanced industrial nations, too, domestic financial activities are subject to a great deal of regulatory controls, but overseas financial activities are being allowed to go on almost completely without restrictions. The international operations of investment trust companies, which must play the leading role in the international financial activities, should be encouraged aggressively.

Third, the policymaking authorities must define the basic direction for the financial industry reforms and apply same principles equally and consistently to all financial institutions. For instance, if expansion of the scope of business is to be the basic direction, then investment trust companies, too, should be allowed to expand into the peripheral or related business activities. Conversely, if specialization is the direction to be adopted, then the disorderliness of today's financial market caused by unprincipled operational duplications or encroachment into the business turfs of other financial institutions must be corrected. Lastly, the policymaking authorities must, by revising or improving the financial industry-related laws including the law concerning investment trust and through rational application of these laws, see to it that the financial order is maintained.

Burma

Saw Maung Sends Message to Union Day Ceremony

BK1302085190 Rangoon Domestic Service in Burmese 1330 GMT 12 Feb 90

[Excerpts] A flag-raising ceremony to mark the 43d Union Day for 1990 was held in Yangon [Rangoon] this morning at the City Hall and the People's Square. [passage omitted]

Brigadier General Myo Nyunt, commander of the Yangon Military Command and chairman of the Management Committee for holding the 43d Union Day celebrations, read the message of General Saw Maung, chairman of the State Law and Order Restoration Council [SLORC], to the 43d Union Day ceremony, at the flag-raising ceremony at City Hall.

The message reads: Esteemed brothers and sisters from all national groups: I send this greeting of happiness to you brothers and sisters residing within the Union on this auspicious occasion of the 43d anniversary of Union Day which falls on 12 February 1990.

Our Union of Myanma [Burma] is a country of many national groups, including Kachin, Kayah, Kayin, Chin, Burman, Mon, Rakhine, and Shan. We the indigenous people of the Union have lived together in harmony through weal and woe since time immemorial. Our fraternal people have stood up and unitedly sacrificed our lives in defense of our country whenever it has been threatened according to the maxim: Blood is thickest in times of peril.

During the 19th century our country was annexed by the self-interested colonial imperialists. The patriotic indigenous people took up all available weapons in defying and resisting the imperialists, laying down their lives in the course of their struggle, but they had to give up in the end because they were uneven in strength. We were enslaved.

Under the colonial imperialist rule, our patriotic indigenous leaders and all the indigenous national people upheld the spirit of patriotism and unity in resisting and driving out the colonial imperialists through various methods. While putting up the resistance to break out of the shackles of servitude, our indigenous brothers and sisters were able to sign the Panglong Agreement—a landmark for unity—on 12 February 1947. We were able to clearly demonstrate the strength of unity of all indigenous national people to the colonial imperialists in obtaining our independence.

The colonial imperialists gave us independence, but continued to sow dissension among our indigenous national people with the aim of again enslaving us. Because of this act of dissension by the imperialists, some sectors with a narrow racial outlook took to insurgency with the support of the imperialists. Members of the Union, hand in hand with the Defense Services, have fought and annihilated these insurgents as well as the threat of the Burmese Communist Party.

Our country today stands in the community of nations as an independent and sovereign nation because we have been able to unitedly defend the country's independence, sovereignty, and territorial integrity. Even today the imperialists through various means are still trying to enslave our Union which is rich in natural resources. I would like the fraternal members of the Union to be aware of this.

The political and economic system desired and preferred by the majority of the indigenous people must be implemented and practiced in our Union of Myanma. Furthermore, I believe we must solve the problem of a gap in political, economic, and social development among the indigenous national people of the Union.

As known to all, currently the SLORC is giving priority to development of indigenous people living in border regions while endeavoring to promote development throughout the country. The government and the entire indigenous people are to continue giving priority to this matter and to sustaining the endeavor to implement development. Furthermore, the SLORC is continuing to implement its four major tasks undertaken since its inception. Currently, the fourth task—holding the multiparty democratic general elections—is being carried out systematically according to law, and the free and fair elections will be held on 27 May 1990.

I would like to urge the fraternal indigenous people to help in this major task to ensure the elections are held successfully according to law.

On this auspicious occasion of Union Day, I solemnly urge the entire fraternal indigenous people to unitedly implement the three causes without fail. The three causes are preservation of the Union, preservation of national unity, and perpetuation of the country's sovereignty. [passage omitted]

Thai Paper Reports on Movement of Shan Rebels

BK0602012990 Bangkok BANGKOK POST in English 6 Feb 90 p 2

[By Subin Khuankaeo in Chiang Mai and Supphamat Kasem in Tak]

[Text] The United Wa State Army [UWSA] has moved a large number of troops towards strongholds of Khun Sa opposite Chiang Mai, Mae Hong Son and Chiang Rai in preparation for a major assault, which the opium warlord's faction has charged was supported by Rangoon.

Some 4,000 UWSA, a breakaway faction of the defunct Burmese Communist Party [BCP], have already been sent to the northern Burmese town of Pang Sang and another 2,000 were expected to join them before the military drive which is expected soon.

According to Khun Sa's secretary Chao Khwan Muang and foreign affairs coordinator Lt-Col [Lieutenant Colonel] Khun Sai, the UWSA's force mobilisation was part of its so-called "Operation 525" aimed at taking over the control of eastern part of Shan State—the Golden Triangle's main exit of narcotics adjoining with Chiang Rai, Mae Hong Son and Chiang Mai.
The target of the assault was expected to be one of Khun Sa's Mong Tai Army's [MTA] three strongholds—Doi Lang opposite Mae Ai District of Chiang Mai, Pang Sung Mai opposite Ban Piang Luang, Wiang Haeng Sub-district of Chiang Mai, and Hua Muang Mai opposite Muang District, Mae Hong Son.
The two MTA officials claimed the UWSA leadership had been promised by Rangoon's strongman General Saw Maung during his visit last year to Pang Sang a chance to control Shan State, or part of it, if the Wa minority won in its war against Khun Sa's forces.
Khun Sa and Chao Kwan Muang said the promise was a Rangoon tactic to let rival armed minorities fight against each other so that Government troops could move in and crush the remaining force later.
The two claimed that Rangoon's support for the UWSA was evident during the clash between the Wa force and Khun Sa's army last month.
Wa troops were transported in Burmese trucks to fight the MTA force and wounded Wa soldiers were also sent to and given medical treatment in government hospitals, the two Khun Sa aides alleged.
"We believe that these are some of the conditions in their agreement which includes Burmese support for food supply, rice and other necessities," the two charged.

They claimed that the attack on the MTA strongholds was imminent now that eight UWSA battalions of 4,000 armed Wa have already arrived at Pang Sang and another four battalions are reportedly on the way under Operation 525.
Major Myint Maung Tun, commander of Rangoon's 97th battalion based in Myawadee, denied over the weekend that Burmese troops were giving support to the UWSA.
He said that Burmese troops would carry on the crack-down against the rebels themselves without relying on the help of rebels to fight rival rebels.
He categorically dismissed a claim by Khun Sa's MTA that Rangoon was using the Wa troops which broke away from the disbanded Burmese Communist Party against the Shans.
He said that the fighting between the Wa and Shan rebels stemmed from a conflict between the two rival groups over narcotics producing and trafficking territory.
"We have never encouraged any groups of rebels to seize territory in Shan States because every inch of territory is under the jurisdiction of Burma," the major said.
He said that after the dissolution of the BCP, several armed groups formerly allied with the BCP, namely Group 815, the Akhar, Group 768 and Ko Kang, had given up their armed struggle.
[Thai] Third Army Region Commander Lt-Gen Siri Thiwaphan said that the looming battle between the UWSA and the MTA opposite the Thai border was expected to be a violent one.
He could not confirm the MTA's claim of Rangoon's support for the UWSA.
He said that the UWSA and the MTA violently clashed between January 14-17 opposite Ban Arunothai of Chiang Rai but the Third Army had received no reports of possible Burmese involvement in the fighting.
He said that the Third Army had sent troops to the Thai border near the clash site to inform the two warring parties to withdraw at least five kilometres from Thai territory to avoid their fighting from spilling into the country.
Lt-Gen Siri said that Thailand had been accused by the MTA of allowing the UWSA to use Thai territory to attack Shan positions in Burmese territory.
"We have a clear policy concerning the Burmese minority groups. We will not allow any of the groups to use our territory. That's why we told them to move away from the border," Lt-Gen Siri said.

Delegation Returns From Vienna Drug Meeting

BK0502142990 Rangoon Domestic Service in Burmese 1330 GMT 5 Feb 90

[Text] A Myanma [Burmese] delegation led by Colonel Thura Pe Aung, secretary of the Central Narcotic Drugs Control Board and director general of the People's Police Force, arrived back in Myanma by air this evening after attending the 11th special meeting of the Narcotic Drugs Commission which was held in Vienna, Austria, from 29 January to 2 February.

Members of the delegation arriving home with the director general were: Air Force Colonel Tin Ngwe from the Ministry of Defense; Police Director Ngwe Soe Tun, director of the Department of Narcotic Drugs Control and Suppression of the people's police force headquarters; U Thein Aung Lwin, joint director of the Foreign Economic Relations Department; and Deputy Director U Aye and Police Lieutenant Colonel Aye Ko of the people's police force headquarters.

Brunei, Malaysia & Singapore

Malaysia

Commentary Views Second Meet on SRV Refugees

BK0802115790 Kuala Lumpur International Service in English 0800 GMT 8 Feb 90

[Station commentary]

[Text] It is a good sign indeed for Vietnam to have agreed to continue talks for the repatriation of refugees. The talks in Hanoi last week between Vietnamese and Malaysian officials failed to reach an agreement. It is understandable that there need to be more discussions on such a vital issue.

Therefore, Malaysia welcomes Hanoi's decision to continue talks—this time in Kuala Lumpur late this month or early March. So far, the international community has commended Malaysia's humanitarian stand in providing temporary asylum for Vietnamese refugees. However, the number of boat people who have landed on Malaysian shores is steadily increasing. Malaysia, together with first asylum countries, such as Hong Kong, cannot go on harboring these boat people indefinitely as it has become a burden.

It is clear now that repatriation of the boat people has been very slow. Forced repatriation, such as that carried out by Hong Kong, has come under severe international criticism. There needs to be a comprehensive solution to the problem. Much of the answer to the boat people problem lies with Vietnam itself. Vietnam must wake up to the fact that its domestic situation is grave—the people who are fleeing are many. They include entrepreneurs, farmers, professionals, and wage-earners. All of them are vital foundation of the nation's economy.

Since the Vietnam war ended in 1975, more than half a million people have fled their homeland. This clearly shows the type of life the Vietnamese are exposed to. Vietnam has indicated that it does not want forced repatriation. It wants the boat people to return on their own. This is [words indistinct].

But however much the other countries do, the problem will not end unless something is done by Vietnam and in Vietnam. And yet the Hanoi government's stance (?considers) good riddance to those who do not want to remain in the country. Such an attitude is unacceptable as it involves hundreds of thousands of people. This being the case, a lot will depend on Vietnam to solve the boat people problem. For example, it needs to step up patrolling itself to discourage illegal departures. Vietnam also needs to look to developments in Eastern Europe for lessons. It proves that people cannot be permanently expected to be hooked on ideology—that a better way of life is what they want.

To achieve this end the key toward a solution is economic growth. There have been talks on areas of cooperation by the private sectors of Vietnam and Malaysia at the meeting last week. This should be pursued further. Vietnam has called for more investment into its tourism and petroleum industries as well as for joint venture projects. To enhance its economy, the international community should play a more active role. Developed countries could help Vietnam in the economic area.

Vietnam has to mobilize all its human resources to facilitate its national reconstruction. It has to treat its people right. It must be prepared to give them incentives to work hard for the nation. It is with such motives that Vietnam should look positively to the upcoming second round of talks with Malaysia. If the right spirit prevails by all parties concerned, then an effective solution can be quickly found.

Singapore

President Urges Enhancement of Ties With Brunei

BK1302142790 Singapore THE STRAITS TIMES in English 13 Feb 90 p 1

[Excerpt] The close ties between Singapore and Brunei should be further strengthened to help both countries overcome the uncertainties caused by the recent political changes in the world, President Wee Kim Wee said last night.

Noting that Southeast Asia would certainly be affected by the changes, he said the two countries could help each other "ride the waves of uncertainty."

Speaking at a state dinner in honour of Sultan Hassanal Bolkiah of Brunei, who is here on a 3-day state visit, President Wee said:

"By building on what has already been established, I am confident that 1990's will see even stronger personal and institutional links.

"This is important because the global geopolitical landscape is being reshaped. We have watched with awe the remarkable developments of 1989.

"The world is being remade. Its shape after these momentous changes cannot be predicted. Southeast Asia will certainly be affected. We can help each other ride the waves of uncertainty." [passage omitted]

Sultan Bolkiah, Consort End Visit, Depart

BK1402113690 Singapore Domestic Service in English 1100 GMT 14 Feb 90

[Text] Sultan Hassanal Bolkiah and Raja Isteri Pengiran Anak Zaleha of Brunei have left Singapore after a three-day state visit. They were seen off by the trade and industry minister, Brigadier General Lee Hsien-loong, and Mrs Lee.

Cambodia

Hun Sen Receives Indochinese Ministers

BK1402030190 Phnom Penh Domestic Service in Cambodian 1300 GMT 13 Feb 90

[Text] On the afternoon of 12 February at the office of the Council of Ministers, Comrade Hun Sen, member of the party Central Committee Political Bureau, chairman of the Council of Ministers, and foreign minister of the State of Cambodia, granted an audience to the deputy foreign ministers of the three countries—Cambodia, Vietnam, and Laos—who came to bid farewell to him after attending the deputy ministerial meeting held in Phnom Penh on 10 and 11 February. After greeting and extolling their mutual goodwill, Comrade Chairman Hun Sen hailed the outcome of their meeting saying that

this meeting was very important because it was held prior to the informal meeting in Jakarta.

The comrade noted progress in the current situation in Cambodia. He stressed that the coming informal meeting in Jakarta was an important step, and therefore we should try our best for its success.

Replying on behalf of the three delegations, the Vietnamese delegate expressed profound thanks to Comrade Chairman Hun Sen for granting them the audience. The Vietnamese delegate also reported to the comrade chairman of the Council of Ministers on the outcome of the just concluded meeting of the three countries.

Cambodian Leaders Thank Vietnamese Counterparts

BK1202100690 Phnom Penh Domestic Service in Cambodian 0430 GMT 12 Feb 90

[Text] Comrades Heng Samrin, general secretary of the party Central Committee and chairman of the State Council; Chea Sim, chairman of the National Assembly; and Hun Sen, chairman of the State of Cambodia's Council of Ministers, recently conveyed a message of thanks to the high-ranking Vietnamese party and state leaders—Comrades Nguyen Van Linh, general secretary of the Communist Party of Vietnam [CPV]; Vo Chi Cong, chairman of the State Council; Do Muoi, chairman of the Council of Ministers; and Le Quang Dao, chairman of the National Assembly of the SRV—for their greetings on the 11th anniversary of Cambodia's 7 January National Day.

The message read:

We would like to sincerely thank all the members of the CPV and the National Assembly, State Council, and Council of Ministers of the SRV, and the fraternal Vietnamese people for their warmest greetings on the 11th anniversary of the State of Cambodia's National Day.

The traditional intimate relations of friendship and solidarity and close cooperation between our two parties, two governments, and two peoples remain constantly solid together with our struggle for peace and stability in the region and the world.

May the brotherly Vietnamese people under the clear-sighted leadership of the CPV headed by Comrade Nguyen Van Linh score significant achievements in the implementation of the resolutions adopted by the Sixth CPV Congress for the cause of rebuilding and defending the Vietnamese motherland, promoting it toward prosperity.

And may all of you have the best of health, longevity, and new, still greater successes in the performance of your noble tasks.

Hun Sen Sends Thanks to SRV Foreign Minister

BK1402054790 Phnom Penh Domestic Service in Cambodian 2300 GMT 13 Feb 90

[Text] Comrade Hun Sen, foreign minister of the State of Cambodia, has sent a message of thanks to Comrade Nguyen Co Thach, foreign minister of the SRV, for his greetings on the 11th anniversary of the 7 January national day. The message noted:

I am convinced that the bonds of fraternal friendship, solidarity, and comprehensive cooperation between our two fraternal countries as well as between our two foreign ministries will further develop and achieve immense successes in the cause of regional and world peace.

Hun Sen Sends Thanks to Lao Foreign Minister

BK1402054590 Phnom Penh Domestic Service in Cambodian 2300 GMT 13 Feb 90

[Text] Comrade Hun Sen, foreign minister of the State of Cambodia, has sent a message of thanks to Comrade Phoun Sipaseut, foreign minister of the Lao People's Democratic Republic, for his greetings on the 11th anniversary of the 7 January national day. The message noted:

May the bonds of friendship, solidarity, and comprehensive cooperation between our two countries and two foreign ministries develop constantly and firmly for the cause of peace and stability in Southeast Asia and the world.

Soviet Parliamentary Delegates Arrive for Visit

BK1302120790 Phnom Penh SPK in English 1057 GMT 13 Feb 90

[Text] Phnom Penh SPK February 13—A Soviet delegation led by G.I. Usmanov, people's deputy of the Soviet Union and secretary of the Communist Party of the Soviet Union Central Committee, arrived here Tuesday morning for a two-day official visit to Cambodia.

The delegation was welcomed at the Pochentong Airport by Mat Ly, vice chairman of the National Assembly of the party of Kampuchea and Cambodia [as received].

Accord To Restore Temple Signed With Poland

BK1302081290 Phnom Penh SPK in French 0402 GMT 13 Feb 90

[Text] Phnom Penh, 13 February (SPK)—A protocol on cooperation to preserve Bayon Temple within the enclosure of the Angkor Thom complex was recently concluded in Phnom Penh between the Cambodian Ministry of Culture and the Polish Ministry of Culture and Fine Arts.

According to the document, which is valid for five years from 1990-1994, the Cambodian side will provide the

Polish restorers with building materials, while Poland will send a number of specialists, together with technical equipment, to Cambodia.

It is worth noting that Poland has so far helped Cambodia renovate 45 percent of the Silver Pagoda, with more than four tonnes of building materials.

Australian Joint Ventures, Contacts Reported

BK0502035190 Bangkok THE NATION in English 5 Feb 90 p 9

[Article by Kawi Chongkitthawon under the rubric "Think Khmer" and headlined "Australian Inroad"]

[Text] Phnom Penh—Australia has become the first English-speaking country to play a dominant role in Cambodia. The estimated 25 Australians now constitute the largest group of Western expatriates living and working in the war-torn country.

Australia's OTC (Oversea Telecommunication Corporation), a telecommunication network, has already signed a joint venture agreement worth about A$410 million to set up a satellite ground station in Cambodia with the Ministry of Posts and Communications.

One Australia aid worker will also marry a young Cambodian girl, who is working in a ministry. She was given the permission to marry her Australian fiance by the Council of Ministers recently.

Another Australia's first was in the area of child adoption. An Australian couple was given permission to adopt a Cambodian girl last December. No other Westerners had ever been given such permission.

Now a Hawaii-based child adoption organization has contacted authorities in Phnom Penh about a systemactic adoption programme to help Cambodian orphans. The Cambodian officials are quite enthusiastic about the plan.

A majority of Cambodia's population of 7.6 million are youngsters, many of them are orphans; females account for about 70 per cent of the population.

Reportage on Visit of French Assembly Delegation

Hun Sen Grants Audience

BK1102102490 Phnom Penh Domestic Service in Cambodian 0430 GMT 11 Feb 90

[Text] On the morning of 10 February at the office of the Council of Ministers, Comrade Hun Sen, member of the party Central Committee Political Bureau, chairman of the Council of Ministers, and foreign minister of the State of Cambodia, granted an audience to a French parliamentary delegation led by Comrade Jean-Francois Deniau, vice-chairman of the French Parliament's Foreign Affairs Committee.

Speaking on that occasion, Comrade Hun Sen informed the delegation about the all-around development of our State of Cambodia in the past more than 11 years.

The comrade chairman of the Council of Ministers also informed the delegation of the stance of the party and government of the State of Cambodia which wanted to settle the Cambodian problem through political means by basing a solution on the proposals of the Thai prime minister and Australian foreign minister.

In his reply, Jean-Francois Deniau expressed great joy over his official visit to seek a clearer view on the realities in Cambodia. He reiterated the French Government's stance regarding a genuine political solution to the Cambodian problem. He also expressed the hope that the Government of the State of Cambodia will soon achieve peace and security.

Chea Sim Receives Delegation

BK1302073990 Phnom Penh Domestic Service in Cambodian 1300 GMT 12 Feb 90

[Text] On the afternoon of 10 February at the office of the National Assembly, Comrade Chea Sim, member of the party Central Committee Political Bureau and chairman of the State of Cambodia's National Assembly, cordially received for talks a French Assembly delegation led by Jean-Francois Deniau, vice chairman of the French Assembly's foreign relations committee, which is on an official visit to understand issues relating to solving the conflict in Cambodia.

Comrade Chea Sim told the delegation about the new face and progress of the Cambodian motherland under the leadership of the Kampuchean People's Revolutionary Party, which has transformed Cambodia from a heap of ashes left by the Pol Pot regime into the current shiny aspect. Comrade Chea Sim stressed that the Cambodian party, government, and people desire genuine peace to build the motherland in accordance with regional and world tendencies, and will strive to do everything to achieve national reconciliation and social progress. However, for the past 11 years, the other Cambodian side has done everything to prolong the bloody war in an attempt to bring back the genocidal Pol Pot regime, which is feared by the world.

Replying, Jean-Francois Deniau expressed joy at seeing progress in Cambodia, particularly with the conditions provided by the State of Cambodia's Government to the delegation to facilitate its task of understanding the role of the assembly, which represents the Cambodian people's democratic right. He expressed optimism that in the future, the Cambodian people will undergo bigger development and progress.

Say Chhum Inaugurates Refrigeration Plant

BK0402085390 Phnom Penh SPK in French 0400 GMT 3 Feb 90

[Text] Phnom Penh, 3 February (SPK)—The Refrigeration Plant 2 in the seaport city of Kompong Som was

recently inaugurated by Say Chhum, member of the party Central Committee Political Bureau, vice chairman of the Council of Ministers, and agriculture minister.

Started in the beginning of 1989 on an 8,400-square-meter plot of land in Tumnop Rolouk Commune, the factory is equipped with modern machinery bought from the French company Recofi at a cost of 5,533,000 francs. The municipal fishing department has also spent 4,192,000 riels for the purchase of locally made equipment as well.

The cooling plant can be used to store a tonne of shrimps and can produce three tonnes of ice daily.

Phnom Penh Port Activity Said To Surpass Plan

BK0302061490 Phnom Penh SPK in English 0414 GMT 3 Feb 90

[Text] Phnom Penh SPK February 3—Last year, the Phnom Penh port handled 128,560 tons of goods, up by 28 percent over the plan, netting an income of 28 millions riels (Cambodian currency) for the state.

Among the goods were 83,000 tons of rubber, timber and agricultural products for export and more than 41,710 tons of imported goods such as cement, cables, food, chemical fertilizer, cloths, motor-bikes, vehicles and other consumer goods.

Last year, 225 ships from different countries arrived at the Phnom Penh port.

AFP Reports on Life in Battambang Town

BK0402071690 Hong Kong AFP in English 0711 GMT 4 Feb 90

[By Jean-Claude Chapon]

[Text] Battambang, Cambodia, Feb 4 (AFP)—This sleepy provincial seat in northwestern Cambodia appears to be absorbing the shock of war with fatalism, but the economic fallout from the fighting has authorities increasingly worried.

"There was no panicking during Khmer Rouge attacks near the town," said Ten Heanh, a member of the provincial people's committee, referring to an early January assault on the town's outskirts. This second largest city of Cambodia, with what one official estimated as a population of 100,000, is only shaken out of its provincial torpor by the crump of artillery fire in the surrounding hills.

Heavy artillery barrages and automatic weapons fire could be heard for 40 minutes late Thursday [1 February] and early Friday near the town's airport, some three kilometers outside of town. But the airport was open for traffic by mid-morning and life resumed its easy-going pace in this town 270 kilometers northwest of Phnom Penh.

Referring to the recent fighting on the outskirts of the town, Mr. Heanh acknowledged that "some families left the town after the fighting to head down towards Phnom Penh," but he said the numbers involved were insignificant.

Authorities believe the Khmer Rouge, with its estimated 2,000 fighters in Battambang Province, is the greatest threat to the provincial seat. Members of the other two non-communist resistance factions loyal to Prince Norodom Sihanouk and former Premier Son Sann are not very active in the region, authorities said. But officials did not appear overly concerned about the threat to the town posed by the Khmer Rouge.

"The Khmer Rouge is currently launching isolated attacks in the countryside but it doesn't risk attacks against the town defenses," one military official said. "The economic situation in the town and province worries us more right now than the military situation," said Mr. Heanh, who is also director of the town's department of industry.

"During the last rice harvest we collected 60 percent of what we expected to because of the insecurity in the countryside," he said.

"Before, the province was the ricebowl of Cambodia and for us the loss in earnings is hard to take," he added. But the central market, an immense ramshackle building in the center of town, is filled with small stalls well-stocked with Thai, Chinese and Vietnamese products.

"Some Thai products come as contraband from Poipet," a shopkeeper said, referring to the border post some 100 kilometers west of here. Although the border with Thailand is officially closed, "you can still arrange to cross," the shopkeeper said.

"Prices are rapidly rising because of the situation," said another merchant who owns a small drugstore. "I change my prices every day." Slow-paced during the day, this town turns ghostly at night after the 7 p.m. curfew takes effect, as it has for several years now. The deserted, dimly lit streets become the domain of packs of mangy dogs, who howl and snarl at passing troop trucks.

Authorities claim they have a firm hold on Highway Five, the major artery linking Phnom Penh with Battambang, Poipet and the nearby Banteay Meanchey Province seat of Sisophon, some 50 kilometers northwest of here.

A trip along the highway showed that for most of its length, it is no more than a deeply rutted and potholed dirt track with tiresome detours around blown-out bridges. But the Hanoi-backed government forces are able to use it as a vital link between Phnom Penh and the threatened northeastern part of the country.

"The guerrillas do not have the means to occupy the highway, which is vital for us, and so long as they cannot do so they won't be able to attack Battambang," Mr. Heanh said.

"All of our efforts are aimed at maintaining security on this highway so Phnom Penh can ensure regular supplies for the northwestern part of the country," he added.

Battle Activities for 3-9 Feb Reported

BK1302133590 Phnom Penh Domestic Service in Cambodian 1200 GMT 13 Feb 90

[Text] According to a report from the 92d Brigade, a unit of the 94th Brigade [as heard] launched on 3 February a search-and-destroy operation against the enemy at Spean Kruos, killing four and wounding three enemy soldiers, and capturing another. We also seized four guns, including a B-40 rocket launcher and a B-40.5 rocket launcher; an RPD light machine gun; and a gun; as well as a quantity of war materiel.

Further, according to a report from the 4th Division, our combatants of the division employed joint efforts, combined plans, and concerted tactics on 9 February to launch a mopping-up operation, and laid an ambush for the enemy at Snoeng village. We killed 13 enemy soldiers on the spot, including a deputy commander of the 415th Polpotist Division, and we seized a significant quantity of war materiel and many guns.

The same report also said an enemy soldier surrendered to our armed forces at Snoeng village in Banan District, Battambang Province, on 6 February.

Government Reports 8 Feb Battle Activities

BK1302134490 Phnom Penh Domestic Service in Cambodian 1300 GMT 13 Feb 90

[Text] According to a report from the front line, remnants of the Pol Potist bandits and of the other reactionary Cambodian forces—in spite of their serious setbacks—continue to conduct their reckless activities in a bid to return the genocidal regime to Cambodia. As a matter of fact, on 8 February Battambang Province's Armed Forces engaged in battle with the enemy in an area some four km southeast of Treng. We killed two enemy soldiers, including a battalion-level commander, and we seized two guns and a radio-communication set, ICOM.

This success clearly demonstrates the growing weakness of the enemy and the great exploits and combat skills of the cadres and combatants of our people's Armed Forces.

Khieu Samphan Sends 'Message' to Ali Alatas

BK1102051590 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2315 GMT 10 Feb 90

[Text] His Excellency Khieu Samphan, vice president of Democratic Kampuchea in charge of foreign affairs, sent on 4 February an answer to a letter from His Excellency Ali Alatas, Indonesian foreign minister.

In the message, His Excellency Khieu Samphan points out that an international conference on a settlement of the Vietnamese war of aggression against Cambodia should have:

1. The objective of arriving at a comprehensive settlement.
2. A well-defined procedure, and specifically, a principle that all matters should be decided by unanimous majority.
3. The participation of the five permanent members of the UN Security Council.

The following is the clarification:

1. His Excellency Khieu Samphan desires a comprehensive settlement because Vietnam has conducted maneuvers to fool the international community into endorsing its deceitfully announced troop withdrawal in September 1989 and has regarded itself an outsider of the Cambodian problem. The reason for a comprehensive settlement of the Cambodian problem is because the problem is not a problem between Cambodians and the conference is not an inter-Cambodian meeting. Vietnam should attend the meeting because it is the party directly responsible for the current war of aggression against Cambodia. Vietnam can under no circumstances participate in the meeting as an outsider and put itself on the same footing with the ASEAN states.

2. His Excellency Khieu Samphan demands a well-defined procedure, and especially, that all decisions be made by a unanimous majority. In the past, without a specific procedure, many problems arose. On top of that, Vietnam was able to conduct its deceiving propaganda unchecked—saying that there were agreements on this or that issue at will—and tentatively used its invented agreements to apply pressure on subsequent meetings. In fact, no agreement has been reached because Vietnam always maintains its stubborn position.

We would like to present the text of His Excellency Khieu Samphan's message as follows:

To His Excellency Ali Alatas, Indonesian foreign minister, Jakarta.

Your Excellency: I acknowledge receipt of your message dated 29 January 1990 which the Indonesian Embassy in Bangkok handed over to me. I would like to again express my profound thanks to you and to the Indonesian Government for providing valuable support to the just struggle of the Cambodian people to wrest back their national independence, and for your efforts in the search for a comprehensive settlement of the Cambodian problem.

On the quest for a comprehensive political solution to ending Vietnam's war of aggression against and occupation of Cambodia in order to allow the Cambodian people their right to self-determination, I would like to express my view as follows:

I. Up to now, all of us have seen that the efforts toward achieving a comprehensive political settlement of the Cambodian problem have failed because the positions of the two parties are still far apart. The three partners of the National Government of Cambodia have a common stance, the five-point peace plan of Samdech Norodom Sihanouk. There are two fundamental and key conditions in this plan:

1. Vietnam must withdraw its aggressor troops in all forms from Cambodia under the control and supervision of the United Nations with the participation of representatives of the four Cambodian parties.
2. A national reconciliation among all Cambodians should be achieved through the formation of a provisional equal quadripartite government headed by Samdech Norodom Sihanouk. The provisional four-party government is charged with the duty of organizing free, fair, and democratic elections.

Vietnam has rejected these two key conditions, including the UN control and supervision, because it continues to hide a great number of its troops in Cambodia. Vietnam has objected to the formation of a temporary quadripartite government in Cambodia because it does not want its disguised troops in the puppet administration and army to be caught.

This has created a stalemate to a political settlement of the Vietnamese war of aggression against Cambodia. The 44th UN General Assembly adopted a resolution with an overwhelming majority of 124 votes, sternly demanding for the first time that the United Nations control and supervise the withdrawal of all kinds of Vietnamese aggressor forces from Cambodia.

On the UN role, the National Government of Cambodia believes that the United Nations should play a vital, enhanced supervisory role in the process of resolving the Cambodian problem comprehensively. In fact, we have proposed that the United Nations have the following roles:

1. To verify the withdrawal of all types of Vietnamese forces from Cambodia.
2. To oversee a cease-fire after an agreement is reached on the comprehensive settlement of the Cambodian problem.
3. To control and supervise the disarming of all Cambodian parties according to a concrete agreement.
4. To ensure the conditions for the establishment of a provisional equal quadripartite Cambodian government headed by Samdech Norodom Sihanouk.
5. To conduct a definite and correct national census in conjunction with the provisional four-party Cambodian government.
6. To supervise elections in order to ensure that they are held in a free and democratic manner.
7. To dispatch a UN international peacekeeping force with sufficient staff and facilities to Cambodia for an indefinite period in order to ensure peace, security, and stability.
8. To ensure that Cambodia remains independent, neutral, and nonaligned within its territorial integrity, and that it forever pursues a liberal economic system, liberal democracy, and a multiparty system.

The international community can clearly see that if the United Nations was provided with this eight-point role, there would be no chance for any Cambodian party to impinge upon any other party or for Cambodia to threaten its neighbors.

However, Vietnam and the Soviet Union continue to reject the eight-point role of the United Nations because they do not want a political solution. They are absolutely keen on keeping the puppet regime and the puppet troops in place with or without the presence of the United Nations in Cambodia. At the meeting of the five permanent members of the UN Security Council in Paris on 15-16 January 1990, the Soviet Union maintained the same position.

If the puppet administration and the puppet forces were preserved, the United Nations with its 10,000 or 20,000 personnel would not be able to uncover the presence of old or new Vietnamese troops in Cambodia. Moreover, if the puppet administration and the puppet army were maintained it would be tantamount to legitimizing the remaining Vietnamese troops hidden in Cambodia. Nobody would have the right to demand that those Vietnamese soldiers be taken away. Vietnam continues to occupy Cambodia. If the puppet regime is kept in place, the Vietnamese will openly occupy Cambodia and Vietnamese forces will continue to be hidden in the puppet regime, thus the true nature of the war in Cambodia would remain unchanged. Under these circumstances, neither a settlement of the war in Cambodia nor the restoration of peace in the country could be achieved, and the threat to peace, security, and stability in Southeast Asia would never be thwarted.

Your Excellency: If Vietnam continues to maintain such an adamant position, how can the Cambodian problem be resolved either in Jakarta or anywhere else?

II. As for reconvening the international conference on Cambodia, we think that the international conference, even though it has not yet achieved a definite settlement, has made some headway. After the deadlock of the Jakarta informal meeting, there were three grand international conferences in which some progress was noted:

1. The Paris International Conference on Cambodia in August 1989.

Although this conference did not achieve a complete settlement because of Vietnam's obstinacy, it adopted the following fundamental conditions for a settlement:

A. A plan for a comprehensive settlement.

B. A well-defined procedure and specifically, the principle that all decisions should be taken unanimously.

C. The meeting was extensive, with the participation of the five permanent members of the UN Security Council.

2. The 44th UN General Assembly.

The UN General Assembly made more progress following the Paris international meeting by earnestly demanding that the United Nations control and supervise the withdrawal of the Vietnamese troop pullout from Cambodia.

3. The meeting of the five permanent members of the UN Security Council in Paris on 15-16 January 1990.

Although no solution was achieved, the meeting raised several questions which we have studied in detail.

Does Your Excellency expect the Jakarta meeting which you have planned for 26-28 February 1990 to achieve an outcome like the above three international conferences?

You pointed out that the Jakarta meeting will be informal and will discuss Australia's proposal. This means that the subject of the meeting has already been established and only the Australian plan will be discussed. You have not raised other subjects such as a comprehensive settlement, the procedure of the talks process, and the participation of the five permanent members of the UN Security Council. You also stated that the meeting will be held for three days but that it could be extended. As such, a great number of ambiguities still exist.

According to our experiences drawn from the first and second Jakarta informal meetings in which we participated with goodwill, in cases of ambiguity it was us who were put under pressure; and this does not include denunciations against us. Therefore, the meeting is not aimed at resolving the problem, but will be another opportunity to put pressure on us, the victim.

If we follow the framework of the Jakarta informal meetings or if this upcoming meeting is held without discussing a comprehensive political settlement and a well-established procedure, the problem will certainly remain unresolved. This meeting is like taking many steps backward compared to the July 1989 Paris conference on Cambodia, the 44th UN General Assembly, and the meeting of the five permanent members of the UN Security Council in Paris.

I would like to reaffirm our position on demanding an extensive agenda—which is a comprehensive settlement with well-defined procedures—and especially, the principle of unanimity and an enlarged meeting with the participation of the five permanent members of the UN Security Council. We believe that only by so doing can the meeting make progress toward achieving a comprehensive political settlement. We should absolutely avoid any meeting designed only for the four Cambodian parties in which Vietnam will participate as an outsider of the Cambodian problem. The inter-Cambodian format cannot and will not resolve the problem. It will instead further complicate the problem and be a step backward.

Your Excellency; I send this message to you to inform you of the positions maintained by the two parties on making progress for a possible settlement, as well as to inform you of our own concerns. I am hopeful that you will undoubtedly consider the above-mentioned views and our concerns.

I am awaiting your response. Please, Your Excellency, accept my highest regards.

[Dated] 4 February 1990
[Signed] Khieu Samphan

Khieu Samphan Delegation To Go to Jakarta

BK1402015190 Bangkok BANGKOK POST in English 14 Feb 90 p 1

[Excerpt] A Khmer Rouge delegation led by Khieu Samphan will attend Cambodian peace talks in Jakarta, Prince Norodom Sihanouk overall leader of the three Khmer resistance factions, told Prime Minister Chatchai Chunhawan yesterday.

Attached to Prince Sihanouk's message to Gen Chatchai was a copy of a letter from Khieu Samphan to the prince, confirming his decision to go to Jakarta for the February 26 to 28 meeting.

In the letter, the Khmer Rouge leader said he made his decision after being persuaded to attend by Prince Sihanouk at a meeting on February 7.

Khieu Samphan also said in the letter that he had received a letter from Indonesian Foreign Minister Ali Alatas informing him that procedures for the talks had been completed and the meeting would be conducted within the framework of the Paris peace conference.

"I decided to take part in the talks, but on the understanding that I stood by the prince's fivepoint peace plan, particularly the total withdrawal of Vietnamese forces, with United Nations control, and national reconciliation through the establishment of a quadripartite provisional government," Khieu Samphan said in his letter.

Meanwhile, Foreign Ministry deputy spokesman Suraphong Chaiyanam said the forthcoming Jakarta meeting is unlikely to produce any solution, but it will serve as another step forward.

Mr. Suraphong was speaking after the Khmer Rouge decision was revealed.

The Khmer Rouge previously said it would not go to Jakarta. It demanded the five superpowers of the UN Security Council attend the meeting.

Mr Suraphong said the four Khmer factions have not agreed on power-sharing. Only they can settle this issue, but so far their positions are unchanged.

However, there is a positive sign for the meeting because the UN role in the Cambodian settlement will be discussed on the basis of a plan presented to ASEAN by Australia.

The plan, which calls for the UN to handle interim administration and organise elections in Cambodia, is full of options involving various degrees and forms of UN participation.

It is believed the Jakarta meeting will be able to work out the extent of the UN role.

Mr Suraphong said the Khmer Rouge's decision indicates it does not oppose the meeting.

The Khmer Rouge's previous demand for the presence of UN Security Council members at the meeting was rejected by the Heng Samrin regime.

And, unlike during the Paris peace conference, all parties concerned including Vietnam and Heng Samrin's regime have accepted UN role, he said.

Therefore, technical matters, personnel, a budget and the power of the UN interim administration are likely to be agreed on during the Jakarta talks, which could lead to another peace conference in Paris, Mr Suraphong said. [passage omitted]

Khmer Rouge Reportedly To Attend Jakarta Talks

BK1302160890 Hong Kong AFP in English 1602 GMT 13 Feb 90

[Excerpts] Bangkok, Feb 13 (AFP)—The Khmer Rouge will attend forthcoming peace talks in Jakarta, dropping earlier objections to taking part in the meetings, Cambodian guerrilla sources said here Tuesday. The sources, attached to the office here of Khmer Rouge ally Prince Norodom Sihanouk, said the faction's titular leader Khieu Samphan had told the Prince Tuesday that he would go to Jakarta.

The Chinese-backed Khmer Rouge, the dominant faction in a guerrilla coalition fighting Cambodia's Vietnamese-installed government, had apparently dropped earlier objections to attending the Jakarta meetings to be held February 26-28, the sources said.

On Sunday, Cambodian guerrilla leader Prince Sihanouk, in a statement to AGENCE FRANCE-PRESSE, said he had told the Khmer Rouge after its refusal to attend peace talks in Jakarta that Phnom Penh "would benefit from even stronger friendship from Thailand." [passage omitted] Prince Sihanouk, in his statement, said that without the presence of the Khmer Rouge the Jakarta meeting would prove "useless."

VONADK Reports Battle Activities on 9 Feb

BK1402023290 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2315 GMT 13 Feb 90

[Text] On 9 February, our Cambodian national resistance forces attacked and destroyed a company position of the Vietnamese enemy and puppets in Krang Ampil commune and attacked the Krang Ampil commune office in Samraong Tong District [Kompong Speu Province] on Kompong Speu battlefield.

We killed one enemy soldier on the spot and wounded three others, destroyed a quantity of war materiel, and seized a B-40, an AK, and a quantity of other war materiel. We liberated 14 villages: Roluos, Thnal Bat, Ta Nung, Trat Sar, Kdol, Prek Chheuteal, Sloek Don Sok, Ang Khe, O Tumneap, Anlung Popeay, Trapeang Krasang, Ta Neang, Chamka Veal, and Sambuo.

Son Sann Interviewed on Jakarta Meeting

BK1402091190 (Clandestine) Voice of the Khmer in Cambodian 0430 GMT 14 Feb 90

[Interview with Son Sann, president of the Kampuchea People's National Liberation Front and prime minister of the National Government of Cambodia, upon his return from a visit to South Korea, by unidentified correspondent; date, place not given—recorded]

[Summary From Poor Reception] [Correspondent] This is the second time since the new year that I have the opportunity to interview Your Excellency on various issues concerning the life of the Cambodian people. I learn that you have just returned from South Korea where you attended a summit meeting. Any comments on the just concluded summit?

[Son Sann] I thank you for asking me about the summit in Seoul which discussed world peace from 1-5 February. The majority of participants were former heads of state and former prime ministers. Many delegations came from America and Asia. I went there with the hope of talking about the situation in Cambodia and briefing these leaders on the true situation in our country. The South Korean press and television interviewed me on the Cambodian problem, and I told them what they wanted to know. Now our problem is very well known, and our nationalist side—meaning Prince Sihanouk's group and our front—has been given firm support. "I informed the Korean foreign minister that our problem is on the verge of settlement. I also met with many U.S. delegates and briefed them on our problem, our needs, and our expectation for the solution to the problem so that our people can enjoy peace again. These U.S. personalities, including some former and some current congressmen, promised to me that after their return home they would lobby the U.S. Congress to help solve the Cambodian problem."

I would like to inform our compatriots that the majority of those who attended the summit are now better aware of the Cambodian problem.

[Correspondent] In the next few days the Jakarta informal meeting will be reconvened again. Do you have anything to say to our listeners?

[Son Sann] "The international community is trying hard to help bring peace to Cambodia, end the fighting, and achieve national reconciliation. The six ASEAN countries have thus agreed long ago to convene another informal meeting in Jakarta. This would not be like the previous first and second Jakarta informal meetings. This time it will be merely a stage for all Cambodian groups to meet together with the six ASEAN countries, Vietnam, Laos, France as the chairman of the Paris international conference, and Australia which has elaborated on Stephen Solarz' idea into a formula according to which the United Nations would be asked to temporarily control the administration in Cambodia. Consequently, the four Cambodian groups will meet each other and see how they can agree with one another. After they reach the agreement, they will again attend the Paris international conference in the presence of the big five to put a final touch to the Cambodian solution. On 26, 27, and 28 February the meeting will be held. It can go on a couple of days after that date if it is not concluded on 28 February.

"Therefore, all Cambodian groups should go and attend the meeting, because other countries want the Cambodians to meet, discuss things, and agree with each other. Personally, it has always been my opinion that this is a Cambodian problem, it is a problem of peace in Cambodia, therefore the Cambodians in all factions must meet because it is the duty of the Cambodians to solve their own problem themselves. It is both our duty and our honor to do so. We must solve it ourselves. If we can solve it, we will go to Paris and ask the big five together with our ASEAN and other friends to guarantee the agreement reached between Cambodians. The world will help us. And that will be a great honor for all Cambodians. The faction of Prince Norodom Sihanouk and our side are committed to go. I also expect the other two Cambodian factions to go."

[Correspondent] The U.S. Congress has adopted a specific stance on the Cambodian problem. What is you opinion on this U.S. position?

[Son Sann] I learn that the U.S. Congress just met at the request of Stephen Solarz. After the vote, the U.S. Congress resolved to ask the United Nations to form a provisional administration supported by a peacekeeping force in Cambodia.

"In this resolution, there are two things I consider to be strange: First, the United States seems less enthusiastic about the future quadripartite coalition government because of the participation of the Khmer Rouge. I am not going to elaborate on this point. I just mention it for your information."

Second, the U.S. Congress said it could not accept Phnom Penh's insistence that elections and all administrative work should be conducted within the framework of the current Phnom Penh administration with or without the presence of a UN peacekeeping force. I also see that the Soviet Union and China seem most supportive of and compromising to the stance of the United States and other countries in having a UN administration provisionally run Cambodia.

[Correspondent] Do you have any comments on Prince Sihanouk's decision to change the name of Cambodia, the national anthem, and national flag?

[Son Sann] I warmly welcome the decision. Our front has agreed to this position for years. Only the party of Democratic Kampuchea opposed it. But now it has agreed to the idea. This is a most significant move. The name is now Cambodia. The flag is the former flag we had before and the national anthem is the former national anthem composed by Supreme Patriarch Chuon Nath. These things are relics of the time we used to be united, the time Cambodia was independent and peaceful.

[Correspondent] Thank you, Excellency. Do you have anything else for our listeners?

[Son Sann] "I have said what I have to say. As you know, we have been suffering for so many years. [Words indistinct] anyone who stubbornly opposes national reconciliation should go away. Now that our ASEAN friends are preparing the Jakarta meeting and even the Big Five are helping solve the Cambodian problem, anyone who still stubbornly refuses to attend the meeting and help resolve the problem, thus prolonging Cambodia's suffering, is earnestly requested by me to go away. Who is the obstacle? Not the two factions on the nationalist side, that is, not the faction of Samdech Norodom Sihanouk and our front. We have always been working to restore peace and happiness of the country. Anyone who stands in the way of the efforts made by our ASEAN friends, by our foreign friends, and by the five great powers should walk out of Cambodia now.

"To the Khmer Rouge, I repeatedly ask that Pol Pot and other principal leaders who cause obstruction to national reconciliation go into exile, go for meditation in foreign countries, for they have committed too many mistakes. They should go to other countries, such as China. I not only ask the Khmer Rouge. I also ask those in Phnom Penh. If they remain the obstacle to the peace and happiness of the Cambodian people, I also ask them to leave. Those such as Heng Samrin and Hun Sen also committed many crimes. I do not mind that, but to help them not to get too deeply in crimes I ask them to go praying in India, the country of their friends."

Correspondent Details Experiences With KPNLF

BK1302032590 Bangkok BANGKOK POST in English 12 Feb 90 p 6

[Report by James Pringle]

[Text] Thmar Puok, Cambodia—"The Heng Samrin forces have launched a counter offensive," the official of the Cambodian resistance shouted, shaking a correspondent in his hammock. "Their agents have infiltrated the town. Pack your bags; we have to leave."

It was almost impossible to hear his urgent entreaty. The night in this little town in North West Cambodia, the first and still the principal one "liberated" by the noncommunist resistance, had erupted in a nightmare of shooting—heavy machine guns, rocket-propelled grenades, and hundreds of small arms.

The moonlit sky was criss-crossed with tracers and panicky Cambodians ran to and fro as bullets streaked past on lower trajectories. There was the constant thump of explosions and in the distance came the dull heavy thud of incoming 130 mm artillery shells that kill everything within 20 yards.

A small boy grabbed a foreign correspondent's hand and in his terror would not let go.

Another correspondent dived into a garbage-filled bunker outside the flimsy wooden house of the deputy commander of the Khmer People's National Liberation Front (KPNLF) where the party of six was staying. It was full of frightened women and children.

A security detail of six KPLNF soldiers designated to guard the correspondents during their visit to the "liberated" zone had disappeared.

To this correspondent, who spent three years in Vietnam during the war, it seemed at least like a battalion sized attack. "This is a headquarters and so it is a target—we must get out," the official had shouted, before vanishing.

This correspondent was on the second floor of the building, and expected any second to see the wooden wall beside his head stitched with machine gun bullets.

Ignominiously, I slithered downstairs feet first, to be followed by Ron Moreau, Bangkok correspondent of NEWSWEEK, diving headfirst. "It didn't seem as if anywhere was safe, but it was most dangerous to be upstairs," he said later.

The shooting on early Saturday [10 February] morning did not come as altogether a surprise, although its volume did. The previous night, on early Friday [9 February] morning, there had been two clashes in the town between the KPNLF and its coalition partner, the Armee Nationale Sihanoukist (ANS) headed by exiled Cambodian leader Prince Norodom Sihanouk. They had used rocket propelled grenades and small arms in the exchanges.

On the second night, after 20 minutes of heavy fire by up to 500 soldiers of the two factions, the shooting slackened. As I emerged from cover, I glanced towards the sky following a line of tracers and saw the earth's shadow crossing the moon—it was a rare full lunar eclipse.

On the road, Lt-Col [Lieutenant Colonel] Seng Samet, deputy KPNLF commander in Thmar Puok, was by now striding angrily back and forth, a bullhorn in one hand, and a revolver in the other. He was shouting: "Stop the firing. Do you think you are fighting the Khmer Rouge?"

It took another 20 minutes for the shooting to fade away, then the Colonel explained that his men had been firing at the lunar eclipse.

"They thought a giant frog was trying to swallow the moon and they wanted to drive it away," he said ruefully, shaking his head. "It is an old Cambodian tradition.

Because most of the 6,000 Cambodians in Thmar Puok had taken to the bunkers beneath their homes, casualties among civilians were slight—two wounded, though valuable bullocks and buffaloes had been hit and had to be destroyed.

The two noncommunist resistance factions claim to be short of ammunition, but during the orgy of shooting tens of thousands of rounds had been expended. "I feel so ashamed about this lack of discipline," Mr. Nget Sophon, aged 45, a senior civilian KPNLF official said.

Cambodians believe a full lunar eclipse heralds a year of famine and suffering—as if there was not enough of that in Cambodia already. When correspondents went to a distribution of American aid in villages east of Thmar Puok people said they needed everything: food, clothes, cooking utensils and materials.

But the two incidents in Thmar Puok over the weekend served to point up the tensions and insecurities in the noncommunist zone, where relations between the KPNLF and the ANS are sometimes strained.

There is also nervousness about a possible counterattack by the Vietnam-backed forces of Cambodian communist chief Heng Samrin before the next round of Jakarta talks. Indeed, these forces launched a probing attack along the front lines just an hour or so before the mayhem in Thmar Puok—that was the heavy artillery fire that could also be heard.

Later, a KPNLF spokesman said they had beaten off the attack.

Despite good civic action work by the civilian KPNLF, and concern among KPNLF officers, the growing indiscipline of the noncommunist troops is clearly frightening the population.

"The KPNLF soldiers are causing trouble," said Kout Pok, a 73 year old KPNLF adviser. "Stealing and raping is still a problem when what people want is peace and liberty."

KPNLF officials speak openly about the problems, and say they are introducing stiff prison sentences for these crimes. Sources here say that the ANS has executed some soldiers for serious crimes against the civilian population in the "liberated" area.

But, perhaps most chillingly of all, it appears that the problem of indiscipline does not extend to the Khmer Rouge.

Though a squad of Khmer Rouge had pulled out of the town just hours before, it seems unlikely they were firing at the lunar eclipse.

No one can fault the fighting courage of the KPNLF. It is clear that they fought like tigers to liberate their zone after the Vietnamese troop withdrawal last September.

As the visitor can see, the Heng Samrin troops were in well-entrenched positions, and the fighting was fierce. Bloodstained clothes and unexploded ordnance still litter the battlefields.

But some KPNLF and ANS officials are privately deeply worried about the troops' indiscipline which could make the noncommunist forces look to a suffering civilian population little better than what went before.

Correspondent Reports on Visit to Svay Chek

BK1402015190 Bangkok BANGKOK POST in English 14 Feb 90 p 4

[By James Pringle]

[Text] Svay Chek, Cambodia—Every night, this little "liberated" town near the war frontline in Cambodia is pounded by heavy artillery and the population flees into the surrounding rice paddies—paddies sown with mines.

You know you are approaching Svay Chek, 16 kilometres south of Thmar Puok, the main town in the "liberated" areas, when you notice the rice has not been harvested.

Children in the occasional villages still call "Barang, Barang," (Frenchmen, Frenchmen) but there are huge, fresh artillery craters off to the side of the road.

The French military encampment of Dien Bien Phu was once known as "hell in a very small place," but Svay Chek—the name means Mango Banana in English—vies for the title in this later Indochinese war. For the few thousand people in this once idyllic town, life is a living hell.

The roads of Svay Chek—captured last December on the third attempt by the Khmer People's National Liberation Front (KPNLF), one of the two non-communist groups fighting the Vietnamese-backed regime in Phnom Penh—are criss-crossed with trenches, many still booby-trapped. One is urged not to stray off the paths.

Mango Banana is a pretty place, despite the damage to almost every home and the nightly horror (there is intermittent day shelling too).

The people say the 130mm Soviet-made ordance kills everything within a radius of 20 metres when it lands. Despite that, the inhabitants are beginning to drift back.

Mrs Si Han, 56, is typical. Three days ago, she returned here along the rutted track from Thmar Puok to find her wooden home with only half a roof and water jars shattered by shrapnel. War debris, including remains of bloodstained uniforms, is everywhere.

As she stands in the ruins of her house, Mrs Si Han pulls at her worn clothes.

"I feel so ashamed. I have nothing to wear," she says. She has little food either, but she is determined to tough it out.

"This is home," she says.

Asked about the wars she has seen in her lifetime, she says: "First it was the French, then the Viet Cong, next came Pol Pot and after that Vietnam."

She says the last time she led a normal life was in the late 1960's, when exiled Cambodian leader Prince Norodom Sihanouk was still in power.

"I hope this is the last war," she says, without much hope. "Why is there not someone who can make peace? When he appears, I will follow him."

A visit here and talks with people in the "liberated" zones confirm what one now hears in other parts of Cambodia—including that controlled by Phnom Penh.

Many people are far beyond ideology and factions, communist or non-communist. There is such war-weariness some people don't even seem to care if the Khmer Rouge takes over again. All they want is an end to the war.

Chillingly, this was the same psychology that prevailed in 1975 when the Khmer Rouge won power, and took Cambodia into the killing fields.

The KPNLF, which is making a credible attempt at civic action, has opened a store to sell simple discounted goods from Thailand: clothes, detergent and rubber sandals.

Mrs Unth Tourn, 32, was buying some soap. "I'm afraid of the shelling and go to the paddy fields at night," she says. "But they are full of mines. All our draught animals are dead, killed by shrapnel."

Niew Thoeuw, 55, has opened a small coffee stand beside a bridge over the river in downtown Svay Chek.

The water is full of purple bell-shaped water hyacinths which people eat with fermented fish paste.

"At first we took refuge in the forest, but how long can you stay there?" he asks, his hands shaking with shell-shock, as he covers cups of tea. "There are the shells, but what can you do, this is home."

Capt Ek Sothoeun, 36, the KPNLF commander here, sits in an office that still has a picture of Ho Chi Minh on the wall, no doubt left behind by Vietnamese advisers, and a Vietnamese pin-up, a pretty girl standing in front of a bust of Lenin. He scoffs at these communist icons.

He says that of the population of 5,700, about 4,000 have returned, but it looks half that. Barred homes bear signs like: "Please do not come in."

At a KPNLF field hospital, surgery was in progress, with doctors operating on a women in the open beneath the guava trees.

Riem Chuon, who lost her brother to a stray bullet just two weeks ago, had hit a mine with her sickle while harvesting rice near here two hours before.

Working quietly and efficiently, the doctors had already amputated two legs, one at the thigh, the other just below the knee, and were suturing her right arm, which had also just been removed. It did not seem possible she could live.

Another brother, covered in her blood, sat nearby. All around, in the silence of the town, birds were singing.

Svay Chek was captured by the KPNLF after fierce fighting.

"ANS (the other non-communist group) and the Khmer Rouge were not invited to this party," noted General Khoun Roeun, a KPNLF commander, describing its capture as the "most important victory for the KPNLF in its 11-year history."

Captain Ek says he does not believe the forces of the Vietnamese-backed Heng Samrin regime, only seven kilometres south, can retake the town.

"Their morale is very low," he says. "For every 10 trucks of new recruits, three or four defect from the front."

But the resistance offensive seems now to have stalled. There had been a probing attack by Phnom Penh forces the other night, which the KPNLF said it repulsed.

However, KPNLF sources in the area said the Vietnam-backed forces might attempt a major counter-offensive before the next round of Cambodian peace talks in Jakarta at the end of this month.

The young soldiers seemed ready. One young fighter with a West German Armbrust anti-tank rocket said he was hoping to knock out a tank.

The Vietnam-backed forces put the mines in place before they left. They are still here only because there are no mine-sweepers. But perhaps they will serve a military purpose yet again.

Commentary on Ryzhkov Remarks on Settlement

BK1402014890 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT 13 Feb 90

[Station commentary: "If the Soviet Union really wants to solve the Cambodian problem through political means, it should stop supporting Vietnam and persuade Vietnam to accept the comprehensive settlement of the Cambodian problem on the two-point basis"]

[Text] In a news conference held in Bangkok, Thailand, on 12 February, Soviet Prime Minister Nikolay Ryzhkov said that the Soviet Union supported the settlement of the Cambodian problem through peaceful means. Ryzhkov stressed that this settlement should emphasize the cease-fire and cessation of arms supplies to all Cambodian factions. But he did not mention the withdrawal of all Vietnamese aggressor troops and forces from Cambodia—the first key to the comprehensive, permanent, political settlement of the Cambodian problem.

Various observers said there is nothing new in the Soviet Union's position. This stand is similar to its previous one with Vietnam, where the two parties only want cease-fire and the cessation of outside aid to the Cambodian national resistance forces, while hundreds of thousands of Vietnamese aggressor troops and forces are present throughout Cambodian territory, and an election to be held under the puppet regime so that this puppet regime can be legalized, thus enabling the Vietnamese to permanently occupy Cambodia.

Therefore, in this trip to Southeast Asia, Ryzhkov has brought nothing new to promote genuine peace and stability in Cambodia and the region. His trip is only to make the shameful deceit of the Soviets and Vietnamese work.

The world community, particularly the 44th UN General Assembly, through the voices of 124 countries, defined that settlement of the Cambodian problem politically, comprehensively, and permanently must be based on two key factors, namely:

1. The total withdrawal of all categories of Vietnamese aggressor troops and forces from Cambodia under the effective supervision of the United Nations with the four Cambodian factions.

2. The genuine national reconciliation among all Cambodians through the establishment of an equal four-party provisional government headed by Samdech Norodom Sihanouk which will organize a free and democratic general election in Cambodia under UN supervision.

Once these two key issues are settled, the questions of a cease-fire, cessation of foreign military aid to all Cambodian factions, and all other problems will be settled easily.

Therefore, if the Soviet Union really wants the Cambodian problem to be resolved through political means, and for Cambodia, Southeast Asia, and the Asia-Pacific to enjoy lasting peace and stability, it should contribute to such a settlement through concrete deeds by ceasing its military and political support of Vietnam's war of aggression in Cambodia and persuading Vietnam to accept the comprehensive settlement of the Cambodian problem based on these two key issues.

Indonesia

Academics, MPs Support PRC Ties Restoration

BK1302105790 Jakarta MERDEKA in Indonesian 9 Feb 90 p 1

[Excerpt] Jakarta, Thursday [8 February], MERDEKA—The normalization of diplomatic relations between the Republic of Indonesia and the PRC will have a positive effect on efforts to create a peaceful zone in the Asia-Pacific region, ease tension in Cambodia, and further enhance Indonesia's role in Southeast Asia. In the meantime, Indonesia will gain various benefits in the economic and trade fields.

"Moreover, with a change in the world political configuration, Indonesia should no alonger delay its plan to normalize diplomatic relations with China," China watcher Dr A. Dahana told MERDEKA in Jakarta on Thursday when asked about the planned normalization of diplomatic relations between the Republic of Indonesia and the PRC. Murdiono, minister in the State Secretariat, indicated that the normalization would take place by the end of this year or early 1991 at the latest.

According to Dahana, the settlement of the Cambodian conflict will proceed smoothly after Indonesia has diplomatic relations with China because Indonesia, as a mediator, will be able to ask China to adopt a flexible attitude toward the Khmer Rouge.

"After the final settlement of the Cambodian issue, efforts to create a zone of peace, freedom, and neutrality or ZOPFAN in Southeast Asia will become more tangible.

This opinion was shared by Prof Dr Yuwono Sudarsono, an international political observer, who said that Indonesia would gain great political benefit, particularly efforts to enhance its role in Southeast Asia.

"Although the current positive effect of diplomatic relations between the Republic of Indonesia and the PRC would not be as great had they been normalized five years ago, the reopening of the diplomatic relations, apart from general benefit, will prove that Indonesia truly adopts a free and active foreign policy," Yuwono Sudarsono told MERDEKA on Thursday evening.

In the meantime, members of parliament [MPs] generally focussed their attention on trade and economic benefits likely to be gained from the normalization of diplomatic relations between the Republic of Indonesia and the PRC.

Both Imron Rosyadi, chairman of House Commission I [in charge of foreign affairs, defense, and information], and his deputy Sabar Kumbino called on the government to remain vigilant against possible dangers despite great benefit to be gained from the normalization of their diplomatic relations.

Regarding this vigilance, Yuwono Sudarsono firmly stated that our vigilance should be given top priority, otherwise benefits to be gained might disappear or would even turn into a loss.

Later, Dahana said that China had been gradually abandoning its closed-door policy in recent years. Deng Xiaoping continues to conduct reforms, though not openly.

China has even been trying over the past three months to adopt a foreign policy conducive to domestic development. By pursuing a foreign policy conducive to domestic development, China has indirectly begun abandoning its leftist and adventurous foreign policy.

In the meantime, China continues to modernize itself and conduct reforms. "Indeed, the party still determines everything, but such a condition will not last long."

In view of the loosening of China's political attitude and the statement by PRC Foreign Minister Qian Qichen in Tokyo on 23 February last year that both the Chinese Government and the Communist Party of China will not help Indonesia's communist movement, there is no longer reason for Indonesia not to accept China's offer to reopen diplomatic relations.

The Tiananmen incident has indeed made the Chinese leadership more cautious in conducting reforms. But, the incident will in no way prompt China to close itself again.

"Accordingly, Indonesia should not hesitate to reopen diplomatic relations with the PRC," Dahana said. [passage omitted]

Laos

Swedes Hold Interview With Kaysone Phomvihan

BK0702052590 Vientiane Domestic Service in Lao 0000 GMT 7 Feb 90

[Interview with Kaysone Phomvihan, chairman of the Council of Ministers of the Lao People's Democratic Republic, by Swedish correspondents; date not given—read by announcer]

[Text] [Correspondent] In the past few years, new changes have taken place in Laos' economy. What are the reasons behind all these changes? What are their outcomes?

[Kaysone Phomvihan] After the establishment of the Lao People's Democratic Republic in 1975, we mobilized the multiethnic Lao people to further hold aloft and enhance their right to mastership and to exploit all potential for restoring the economy and defending and building the country. In the process of carrying out our economic development and rehabilitation, we apparently made a hasty and emotional decision to do away with all nonsocialist economic elements and to set up state-owned and collective economic foundations by restricting the markets and goods circulation and managing the economy through bureaucratic centralism and state financing.

The rehabilitation and management of the economy through such a method have caused severe adverse effects on production, goods circulation, and the living conditions of the people, thereby retarding the pace of growth of the national economy. That development has prompted us to rethink and to effect new changes in a profound manner in our economy. The new changes are aimed at rectifying and harnessing the hasty and emotional line of thinking, doing away with the state-financing management mechanisms and replacing them with the business accounting mechanisms, implementing the goods-monetary-market relations, developing the strength of all economic sectors, utilizing the form of state capitalism to vigorously promote the goods economy and the legitimate and free circulations of goods, opening up more domestic markets, broadening economic relations and cooperation with foreign countries, providing facilities to the development of production forces, and improving the living conditions of the people.

Following implementation of the restructuring policy in the past few years, it is worthy to note that the multiethnic Lao people are greatly overwhelmed with and have expressed extensive support and response to this policy. The various economic sectors have participated in this process and have now paid closer attention to engaging in business production. Goods circulation has become smoother. Markets have been broadened. Our economy has become more bustling. The people's living conditions have noticeably improved. Nonetheless, the process of restructuring is still in the study-and-trial stage. Numerous difficulties are anticipated to emerge in the foreseeable future. We are drawing lessons from our activities and are resolved to implement the restructuring policy in a thorough manner.

[Correspondent] What roles have the foreign companies—Swedish included—played in the new economy of Laos?

[Kaysone Phomvihan] Since our government has turned to pursue a policy of promoting economic relations with foreign countries and only a little more than a year after our government has promulgated and enforced the investment law, many foreign firms have applied to invest in Laos in various forms with more than 100 projects. Of these, more than 80 projects—some proposed by Swedish firms—worth more than $70 million have been approved. I believe that Sweden and Swedish companies possess tremendous potential to contribute to the economic development of the LPDR through cooperation efforts on the basis of equality and mutual benefits or by making investments in various sectors.

[Correspondent] Since 1977, the Swedish Government has provided financial and technical assistance to the Lao counterpart. What outcome has this assistance reflected in the new economic mechanisms of Laos?

[Kaysone Phomvihan] First of all, I would like to express my satisfaction with the fine relations of friendship and increasingly effective cooperation between Laos and Sweden. The Swedish Government and people have given tremendous assistance to the Lao Government and people to rehabilitate and to develop the national economy after the war. The volume of Swedish assistance has increased every year. By 1989, the total value of aid has increased to 85 million kronor. In the years to come, the Swedish Government will increase its aid to more than 100 million kronor per year. In the past recent years, with Swedish aid and cooperation, many important projects have been fulfilled which are very significant to Laos' present economic development.

The Swedish Government still continues to give aid to many big projects, such as the forestry exploitation project, projects to build communications and transport routes, the Se Set electricity generating project, public health projects, and others. With Swedish assistance, Laos' management cadres, technical personnel, and workers have learned and drawn excellent lessons in the method of management and working patterns and scientific work organization to enrich their capabilities. In this interview, I would like to offer an opinion that it would be most effective if the Swedish Government could give aid to Laos under the complimentary principle. This is because we can see that in the past the execution of various projects was still slow and plans could not be fulfilled on schedule due to a lack of funds from the Lao side to carry out those projects.

Through you who are representing [Swedish] newspapers and radio and television services, I would like to take this opportunity to convey the sincere gratitude and thanks of the Lao Government and people to the Swedish Government and people for giving us invaluable assistance.

[Correspondent] Great changes are currently sweeping East European countries. What is your view on those changes?

[Kaysone Phomvihan] We regard perestroyka and new changes taking place in the Soviet Union and socialist countries in Eastern Europe as a probable trend and the subjective law of development of socialism. We are concerned with the profound new changes in Eastern Europe and acknowledge that they constitute a long process of evolution full of difficulties and confusion. In

this process, mistakes are unavoidable. However, if each country adheres to socialist objectivity, maintains a sense of vigilance against all subversive schemes from the outside, resolves to do away with objective mistakes, draws lessons from past activities, and finds correct methods to solve problems in conformity with the aspirations of its people, it will be able to overcome all difficulties and crises, thereby undoubtedly taking the cause of restructuring and reforms to victory.

[Correspondent] How have the discussions on the draft of the constitution been conducted? From what ideological sources have you drawn your ideas for contributing to the construction of the new constitution? In what way can Sweden contribute to this process?

[Kaysone Phomvihan] In the past year, we completed elections of people's representatives to the people's councils at various levels throughout the country, including the Supreme People's Assembly [SPA]. The current SPA's fundamental duty is to construct the constitution and other state laws and regulations. We hold that the constitution, which is the basic law of the People's Democratic Republic, must translate into detail the party's economic and political line. It must record the great achievements scored by the multiethnic Lao people in the revolutionary struggle of the past several decades.

The constitution must clearly define the fundamental rights of the people, the political system, the state's society, the obligations of citizens, and the state's organizations and apparatuses. As for the legal system, it must act as an effective measure covering all spheres of social life, such as the political, economic, cultural, social, national defense, and public security maintenance aspects; and governing relations between the state and people, among members of society, and among the organizations under the People's Democratic Republic regime. In the final analysis, the constitution and other related laws must be suitable to conditions and special points in the socioeconomic fields and the national and cultural characteristics of Laos. They must vividly reflect the rights and interests as well as the aspirations of the multiethnic Lao people. In constructing the first constitution, we have selectively studied and accepted lessons in this regard from many foreign countries, including Sweden. Presently, the SPA is urgently carrying out its monumental duty in drafting the constitution for the public to study, debate, and contribute opinion to its merit so that it can be endorsed for promulgation in the year 1991.

[Correspondent] What is you opinion on the Cambodian problem?

[Kaysone Phomvihan] The Cambodian problem must be settled through correct, just, and reasonable political means in conformity with the reality in Cambodia and in response to the just aspirations of the Cambodian people, thus benefiting peace and stability in this region. This method must guarantee the Cambodian people's rights to self-determination through genuinely democratic, free, and just elections with effective participation of the United Nations.

Two key questions agreed upon at the informal meetings in Jakarta must be resolved. The withdrawal of Vietnamese troops from Cambodia must be carried out in conjunction with preventing the genocidal Pol Pot clique from returning to power in Cambodia. The Vietnamese volunteer forces have been totally withdrawn from Cambodia for more than four months already. The remaining key issue is to prevent an outbreak of civil war and to prevent the genocidal Pol Pot clique from returning. Everyone knows that the government of the State of Cambodia is administering and in full control of the situation in the entire country. The demand for dismantling the Cambodian Government so that a quadripartite government can be set up is, in essence, aimed at legitimizing the role of the Khmer Rouge and creating conditions for them to return to power.

The Cambodian Government has declared its neutrality and has consistently showed its good intentions by accepting the important role of the United Nations in settling the Cambodian problem through peaceful means. The correct stance and good-intentioned posture maintained by the Cambodian Government have contributed to opening ways for exploring an overall political settlement to the Cambodian problem. The LPDR believes that the United Nations should play an important role in settling the Cambodian problem. However, the United Nations must respect the independence and sovereignty of Cambodia. It must never become an occupying force to administer Cambodia—an act running counter to the UN Charter.

The United Nations should leave the UN Cambodian seat vacant or give it to the Supreme Council of the State of Cambodia, which will be set up in Cambodia in accordance with the proposal advanced by Hun Sen, chairman of the Council of Ministers of the State of Cambodia. The LPDR supports all constructive proposals and initiatives—no matter where they come from—aimed at resolving the Cambodian problem in a fair and correct manner. We will do our utmost to contribute to settling this problem.

Indochinese Efforts on Cambodia Issue Hailed

BK1402052490 Vientiane Domestic Service in Lao 0000 GMT 14 Feb 90

[PASASON "Article": "Praiseworthy Effort of Three Indochinese Countries"—date not given]

[Text] The conference of deputy foreign ministers of the three Indochinese countries was held in Phnom Penh, capital of the State of Cambodia, on 10-11 February. In the communique issued following the conference, the foreign ministers noted appropriate means to politically settle the Cambodian problem. The conference unanimously acclaimed the total withdrawal of Vietnamese army volunteers from Cambodia ahead of schedule, a

move that has been supported and hailed by world public opinion. The move is considered to be one of the two decisive factors for an overall political solution to the Cambodian problem. Another is the prevention of the Khmer Rouge from returning and reestablishing a genocidal regime in Cambodia.

On the internal affairs of Cambodia, the conference deemed that these must be settled by representatives of the two governments in Cambodia. The conference also noted that the Southeast Asian countries have positively contributed to seeking the means to resolve the Cambodian problem. It also welcomed efforts and initiatives of various countries, in particular the Australian initiative which puts aside temporary issues, namely the dissolution of the two Cambodian governments and the setting up of a coalition government comprising the various Cambodian factions prior to the general elections. What is proper is that the upcoming informal meeting in Jakarta should deal directly with fundamental questions, namely the holding of a free, democratic, and just election, and also the establishment of neutrality in Cambodia and a zone of peace, neutrality, and cooperation in Southeast Asia with guarantees from the Paris international conference and the United Nations.

On the United Nations, the conference agreed that the United Nations can play an effective role in organizing the general elections in Cambodia during the transitional period, during which Cambodia's seat at the United Nations must be left vacant. The UN activities must be carried out on the basis of recognition of Cambodia's independence and sovereignty.

All these praiseworthy efforts of the three Indochinese countries are aimed at fairly and reasonably settling the Cambodian problem through appropriate, political means in conformity with the true situation in Cambodia, in response to the just aspirations of the Cambodian people, and in the interest of peace and stability in the region.

The Lao People's Democratic Republic [LPDR] believes that the United Nations should maintain a significant role in settling the Cambodian problem. The United Nations, though, must respect the independence and sovereignty of Cambodia by not allowing itself to occupy and rule Cambodia, thus violating the UN charter. The United Nations should leave Cambodia's UN seat vacant or hand over the seat to the supreme council of the State of Cambodia to be set up in Cambodia as proposed by Hun Sen, chairman of the Council of Ministers of the State of Cambodia. The LPDR reiterates that it will do its utmost to make the coming Jakarta informal meeting a glorious success so as to meet the interests and earnest aspirations of the Cambodian people and the expectations of world opinion.

Japan Government Finances Port Construction

BK0802120790 Vientiane KPL in English 0904 GMT 8 Feb 90

[Text] Vientiane, Feb 8 (KPL)—The construction of the river port at km-4 in Vientiane Prefecture, which has been reconstructed in full swing with the aid of the Japanese Government, is to be completed ahead of schedule, disclosed the director of the International Construction Company Mr. Chanthavong Malaiphet.

The construction project receives a gratis aid amounting to five million U.S dollars from the Japanese Government of which 500,000 U.S dollars have been used in the construction of various facilities including a warehouse, an office building, a repair workshop, a control tower, a gas station, and others.

The work started in December 1986 and is expected to be completed by March 1990. The work is undertaken by the International Construction Company of Vientiane Prefecture.

Philippines

House Speaker Favors Continuing Bases Talks

HK0602130590 Quezon City Sports Radio 738 in English 1100 GMT 6 Feb 90

[Text] Speaker Ramon Mitra Jr. is for the continuation of the holding of exploratory talks between the Philippines and the United States on the future of American bases in the Philippines. Here is a report from John Manalili.

[Begin recording] At the same time, Mr. Mitra urged the government to give the United States the time to fulfill its financial commitments as contained in the Manglapus-Shultz agreement. Mitra said that he believes that as in the past, the American Government will be able to comply with its obligations.

Mitra's views differed from those of the progressive bloc in the House. Representative Gregorio Andolano of North Cotabato said that the forthcoming Manila visit of U.S. Defense Secretary Dick Cheney should give the government a chance to send a notice of termination of the U.S. bases agreement. [end recording]

Manila Venue in April Proposed for Bases Talks

HK1402042790 Manila BUSINESS WORLD in English 14 Feb 90 p 2

[Excerpt] Foreign Affairs Secretary Raul Manglapus yesterday said he had proposed the month of April for the start of exploratory talks on the bases and that "it would be simpler to accomplish the talks right here in Manila."

After his meeting with Mr. Manglapus, U.S. envoy Nicholas Platt said while he would still have to consult Washington, "my Government will be guided by the feelings of the Philippine Government."

While his original preference was for the first week of April, the talks might have to be put off till after the Holy Week, Mr. Manglapus said.

That gives both countries a narrow margin of barely six months within which to conclude all negotiations of a bases treaty. October 1990 is the start of the U.S. fiscal year 1991 and an appropriation for bases compensation for 1992 must be submitted by then.

"Given the budgetary deadlines they (Americans) have to work with," Mr. Manglapus conceded, concluding all talks by October, 1990 "is one thought that would be uppermost in the minds of a lot of people. '

Good Faith

The reason for such a late start, diplomatic observers believe, is that the Philippines wants to see a supplementary bill on the $96 million shortfall put forward in the U.S. Congress as a signal of "good faith" before beginning the exploratory talks. "That's a logical conclusion," a senior official remarked.

The U.S. Mr. Manglapus pointed out, has yet to make "an official response to our note on these points of non-compliance and shortfalls."

Mr Platt was noncommittal about prospects of remedial legislation. "Let me just say that across the board, on all aspects of the 1988 bases review, we will be working to comply fully. We have requested the full amount from our Congress and hope they can fill it up. [passage omitted]

Ramos, Cheney To Discuss Manglapus-Shultz Pact

HK1402090990 Manila Manila Broadcasting Company DZRH in Tagalog 0800 GMT 14 Feb 90

[By Jennifer Postigo from the Senate]

[Text] Defense Secretary Fidel Ramos is ready to meet his U.S. counterpart Richard Cheney who arrives in the country on Monday, 19 February. Speaking in an interview, Secretary Ramos said that it was appropriate for him to meet Secretary Cheney to return the kind gesture shown him when he was in the United States last year, even though the U.S. Secretary of Defense will be snubbed by President Aquino. Ramos added that the principal topic of his talks with Secretary Cheney will be the provisions of the Manglapus-Shultz Agreement signed in 1988, which concern the security and defense issues of the United States and the Philippines:

[Begin recording in English] [Ramos] He is really coming here principally to consult and confer with us. I think it should also be remembered that there continues to be a big reservoir of goodwill between the Philippines and the United States on a government to government and people to people basis. And I think we should continue to sustain, if not reinforce, that reservoir of goodwill. The president herself said so; that we must maintain our strong ties that bind the two countries together.

[Reporter] [Passage indistinct]

[Ramos] No, that is the province of the Secretary of Foreign Affairs, but I shall take up with Secretary Cheney, certain provisions of the Manglapus-Shultz Agreement of 1988 which refer to security and defense. [end recording]

Shots Fired During Anti-Cheney Protest

HK1402094590 Hong Kong AFP in English 0944 GMT 14 Feb 90

[Text] Manila, Feb 14 (AFP)—Left-wing students forced their way into the Philippine Foreign Office here Wednesday to protest the upcoming visit of U.S. Defense Secretary Richard Cheney and scuffled with surprised guards, eyewitnesses said. A guard fired a shot into the air as the students retreated into the Philippine International Convention Center, where the foreign office is located in the second floor and a world cardiology congress was taking place below, journalists on the scene said.

No serious injury was reported in the incident, which started when about 50 members of the League of the Filipino Students forced their way into the office of Foreign Affairs Secretary Raul Manglapus and unfurled anti-U.S. banners. The students chanted "down with imperialism" as they marched toward the office, and scuffles broke out when guards started confiscating banners.

As the students retreated along a corridor, a woman was seen being slapped repeatedly by a guard.

The students later said they wanted to hold a dialogue with Mr. Manglapus, but they did not know he had left to catch a flight to Malaysia an hour before they arrived.

The students gave a letter to Mr. Manglapus' chief of staff in which they demanded the cancelation of Mr. Cheney's two day visit starting Monday. They also urged the government to cancel scheduled exploratory talks in April on the future of the U.S. military bases in the Philippines.

President Corazon Aquino declined to personally meet Mr. Cheney after the U.S. Congress slashed 96 million dollars from a 360 million-dollar bases compensation package.

Ramos on Aircraft-Tracking Facility in Antique

HK1402100190 Manila Manila Broadcasting Company DZRH in Tagalog 0800 GMT 14 Feb 90

[Statement by Defense Secretary Fidel Ramos on the reported U.S.-funded aircraft-tracking facility in Antique—in English]

[Text] I think this is lack of information on the part of one local official. That is part of the early-warning radar system that has been established all around the Philippines to detect the incursion into Philippine airspace, of

unfriendly or unidentified aircraft. We have manned such stations for a long, long time in such places as Ilocos Norte, La Union Poro Point, Camarines Norte, and Lubang, Mindoro Occidental. So, it is, I think, based on just the lack of information. Anyway, I have asked the commanding general of the Philippine Air Force to send a team there to Antique again, and inform them of the whole picture.

Official Assures Aid Plan Not Linked to Bases

HK1402092990 Manila Radio Veritas in Tagalog 0900 GMT 14 Feb 90

[Text] Philippine Aid Plan [PAP] chairman Roberto Villanueva affirmed today, that the PAP is not linked to the U.S. bases issue, adding that the PAP will be carried out even if the government should decide to dismantle the U.S. military facilities. The only problem that Villanueva sees is the appropriation of funds by the U.S. Congress in the midst of what is happening in East Europe:

[Begin recording in English] [Villanueva] The PAP program is something separate from the military bases agreement. So if they are saying, obviously they are referring to the ESF [economic support fund] which is a component of the military bases agreement.

[Reporter] [Passage indistinct]

[Villanueva] We are still trying to... [changes thought] ...the $4 million is part of the PAP pledge. [end recording]

Villanueva also said that the donations from other countries to the PAP have nothing to do with the U.S. bases issue.

Three U.S. Banks Block Debt-Reduction Package

HK1402051590 Manila PHILIPPINE DAILY INQUIRER in English 14 Feb 90 pp 1, 6

[By Oscar Quiambao and Gerry Lirio]

[Excerpts] Three large U.S. banks have refused to provide about $50 million in new loans to the Philippines, threatening to derail completion of a debt-reduction package, banking sources told the INQUIRER yesterday.

As a result, the signing date for the new money facility has been postponed until the end of the month.

Finance Secretary Jesus P. Estanislao, however, said the signing of the agreement would push through but lamented that the closing date had to be set back two weeks from the Feb. 16 target deadline.

Estanislao told Malacanang reporters the signing has been postponed because the Bankers Trust, an American bank, insisted that it be granted a 15-year trade facility under terms "unacceptable" to the government.

"We cannot let this go scot-free," Estanislao said.

Aside from Bankers Trust, two other major banks—Security Pacific bank of Los Angeles and First Interstate Bank of California (FICAL)—are believed to be either holding out on approving the Philippine request. [sentence as published] [passage omitted]

The refusal of the three U.S. foreign banks to provide new money could further strain relations between the Philippines and the U.S., which have already been soured by the cuts made by the U.S. Congress on the compensation package for the U.S. bases and other perceived pressures on the administration of President Aquino.

U.S. bankers work closely with Washington, particularly with officials of the treasury department, in dealing with Third World debtors.

However, Fernandez said that it was not yet definite that the signing of the new money facility would be postponed. The final decision was to be made later last night, he said.

Estanislao said the government rejected the offer of Bankers Trust to provide the country with a 15-year trade facility instead of buying Philippine bonds that will be listed in the Luxembourg exchange.

"Instead of letting them off the hook, we have to convince them to come in since they are a major creditor," Estanislao said.

A trade facility restricts the government's discretion over the use of the money since such as extended only to finance imports. The country has an existing revolving trade facility of less than $3 billion which matures next year.

It could not be immediately determined if Bankers Trust's trade line would be part of the existing one or separate from it.

The sources said FICAL might have resented the Philippine National Bank's [PNB] resolve not to pay about $9 million in debts, since such payment violates the existing rescheduling agreement with lender banks.

Sources said that while the FICAL-PNB feud had been settled amicably, the West Coast bank appeared to be keeping up pressure on the government.

Estanislao said the country was still short of the $700 million "critical mass" needed to effect the signing. He hinted that participation of the three banks, particularly Bankers Trust, could wrap up the package.

Japanese banks have also made it clear that they would only go along with the deal, if the country could raise the $700-million minimum.

If the deal fell through, sources said the Japanese banks could either back out or reduce their commitment to contribute $200 million.

Estanislao said "all the Japanese banks are on board."

But if the government decides to postpone the date of signing, it could mean Manila was having difficulty putting together the needed $50 million. Estanislao earlier said Manila had secured commitments for $650 million.

This is the fourth time that the deadline was postponed. The original target date for concluding the deal was May last year so that the first drawdown representing 60 percent of the raised amount could be used to sustain the momentum of the economic recovery during the second half of 1989.

Until the end of December though, no firm amount had been committed although a "ball park" figure of $1 billion was floated.

The signing was reset to Jan. 9, but the final tally turned out to be less than the $1 billion that was raised during the pre-marketing period.

Until last week, the government was still hoping that it could raise up to $750 million before the Feb. 16 signing.

Last week, Estanislao filed a protest with the U.S. Embassy after American officials abstained from voting on a $390 million World Bank loan to the Philippines.

Estanislao said the loan was approved but the U.S. was apparently sending the government "a very bad signal at a very bad time."

He said he considered the abstention as part of U.S. meddling in the Philippine policies and strategies.

U.S. Abstention in World Bank Vote Protested

HK0602125190 Quezon City GMA 7 Radio-Television Arts Network in Tagalog 1030 GMT 6 Feb 90

[From the "GMA News" program]

[Text] The government presented the United States with yet another protest letter following the latter's abstention at a World Bank board meeting vote to decide on the release of a $396-million loan to the Philippines. However, despite Washington's abstention, release of the loan was approved, thanks to affirmative votes by other countries.

Here is Veronica Baluyot with more details.

[Begin recording] [Baluyot] Finance Secretary Jesus Estanislao today revealed that he has sent a letter of protest to U.S. Ambassador Nicholas Platt. He claimed that at the last World Bank board meeting, the United States abstained from voting on a loan to the Philippines for unknown reasons. The $396-million loan was intended to finance the government's energy projects, including the National Power Corporation's power expansion project.

According to Estanislao, this was the second time the United States has abstained from voting on a loan to the Philippines. The first incident occurred when the World Bank board voted on a financial sector loan to the country. Estanislao added that it was fortunate that other World Bank member nations voted in favor of the loan.

Estanislao severely criticized the U.S. Government for playing with the country's economic policies and programs for reasons that are only known to them.

[Estanislao, in English] I am sure that they are sending us signals. I don't like those signals. And if they are trying to deliver a message, certainly that is not the appropriate way of delivering a message. [end recording]

U.S. Firm Accused of Disinformation Drive

HK1402043990 Manila MANILA BULLETIN in English 14 Feb 90 pp 1, 13

[By Marcia Rodriguez]

[Excerpts] President Aquino said yesterday the United States remains an ally of the Philippines even as she refused to reconsider her decision to cancel her meeting with U.S. Defense Secretary Richbard Cheney who could have been a good channel to press the U.S. government to fulfill its financial commitments. [passage omitted]

Meanwhile, Press Secretary Tomas Gomez III said a systematic disinformation campaign is being undertaken by an American public relations firm allegedly hired by former first lady Imelda Romualdez Marcos who is "working in tandem with the opposition" to damage the relationship between the U.S. and the Philippines.

He identified the agency as the Black and Manafort, Stone and Keye firm which is reportedly registered in Washington, DC, as a lobby group with a family closely associated with the Marcoses.

"There is absolutely no doubt that Black and Manafort is behind this (disinformation) campaign," Gomez said.

Gomez, former Honolulu consul general, cited a string of "false and malicious" publications in the Philippines, such as the reports that U.S. Deputy National Security Adviser Robert Gates and U.S. Rep. Jim Kolbe (Republican, Arizona) told President Aquino in a meeting to get the "house in order" and call for a snap presidential election.

He said that media reports of the Political and Economic Risk Consultancy Ltd., a Hong Kong-based firm, that the Philippines was among the riskiest countries to do business and invest in Asia are not true.

He showed the actual report which says that the "Philippines still enjoys a comparative advantage in the region."

Gomez also said there was no basis for media reports alluding to David Lambertson, U.S. deputy assistant secretary for East Asian and Pacific Affairs, as telling the

U.S. house foreign affairs committee about the staggering dimension of graft and corruption in the Philippines.

He said he has the complete report of Lambertson which was furnished to him by Defense Secretary Fidel Ramos.

He also noted the "misquoted" report on Admiral Huntington Hardisty, U.S. Armed Forces commander for the Pacific, who allegedly said that compensation to the U.S. military facilities in the country should be stopped.

He added that there was disinformation with regard to recent reports that Gregorio Honasan reportedly escaped a dragnet in Makati which the defense department denied, and that the armory of the Basa Air base in Floridablanca, Pampanga, was looted.

Gomez said that he himself was almost victimized when he received calls that Malacanang was surrounded by about 5,000 Reform the Armed Forces Movement (RAM) rebel soldiers and that RAM boys were waiting for him to dialogue with them at Clark Air Base in Pampanga, apparently to give the impression that the U.S. was coddling the rebels.

To counteract the disinformation, Gomez said his office will launch a vigorous campaign to bring out the truth. "We will not allow disinformation to mar the relationship between the Philippines and the U.S.," he said.

Envoy Urges Better Relations With Europe

HK0702103390 Manila PHILIPPINE DAILY GLOBE in English 5 Feb 90 p 6

[By staff writer Julius Fortuna]

[Text] The Philippines must pay greater attention to its diplomatic ties with European states, or suffer the consequences of having neglected the continent all these years, the Philippine ambassador to Brussels has warned the foreign affairs department.

Ambassador Roberto R. Romulo, in a memorandum to the Manila head office, noted the country's "historical bias" in favor of the United States and Japan, saying that as a result, the Philippines is now losing out to the newly industrializing countries (NIC) and other Southeast Asian nations in exploiting trade opportunities in Europe.

"Historical bias towards the USA and geographical proximity to Japan have been our twin blinders," Romulo said, adding that Europe should be third leg in the country's development diplomacy.

Romulo said that Philippine diplomacy in Europe should be enhanced because "events in Eastern Europe have pushed us to the 'backburner.'"

Romulo was referring to reports that Western countries were disposed to reduce aid to Third World countries like the Philippines and rechannel them to "newly restored" democracies in Eastern and Central Europe.

Romulo also sounded the alarm about the Philippines' "shattered image" in Europe after the December Coup, saying the task of restoring that image was "Sisyphean". He proposed a fulltime press officer for the continent.

Aquino Clarifies Ramos' Order To 'Spy'

HK0602124590 Quezon City Sports Radio 738 in English 1100 GMT 6 Feb 90

[Text] President Aquino today made a clarification on an order by Defense Secretary Fidel Ramos to spy on fellow soldiers who may not be loyal to the government. Mrs. Aquino said this order is not meant to fractionalize the Armed Forces of the Philippines. The full text of the issue was read by Press Secretary Tomas Gomez III.

[Begin recording, in progress] ...duty of every citizen to support and defend the Constitution and our democratic way of life. The crux in a democracy is that even if you disagree with the administration or the president, the people—and not whoever holds the gun—are the ones who can effect and bring about changes. This is the principle Secretary Ramos, and in fact, all of us who believe in the Constitution and democracy are fighting for. It has nothing to do with fractionalism, and it is not to spy on one another. [end recording]

De Villa Says Antigraft Body To Prevent Coup

HK0602044990 Manila PHILIPPINE DAILY INQUIRER in English 6 Feb 90 p 10

[By Tony Bergonia]

[Excerpts] The new anti-graft body formed by the military would be "stronger" in running after erring military personnel and officers, including those who have retired, Armed Forces Chief Gen. Renato de Villa told a Senate committee yesterday.

De Villa said the new body called the Central Office of Ethical Standards (COES) will be the replacement for the AFP [Armed Forces of the Philippines] Anti-Graft Board, which was abolished late last year.

The anti-graft board, attached to the AFP in 1986 by the Presidential Commission on Good Government, was abolished because, according to the AFP chief, "I feel it was not strong enough."

Retired Gen. Manuel Flores, head of the abolished anti-graft board, has requested that the board be extended until Jan. 31 for a smooth turnover of cases to the new body.

De Villa, who testified in hearing of the Senate committee on defense, agreed with two other military officials and a group of senators in a recent meeting in Laguna that "clean and honest administration" may help prevent another coup attempt. [passage omitted]

Defense committee chairman Sen. Emesto Maceda said after the hearing that the military appears to have not

found a solution yet to the complaint against the existing promotions system in the AFP.

Both De Villa and Maceda have acknowledged that the promotions system is a source of discontent among junior military officers and has been used by coup plotters to fuel dissent in the AFP.

According to Maceda, the most dissatisfied officers' group in the military are the captains.

Maceda said out of a total of 5,300 captains, only 920 are expected to be promoted to major this year.

The rest of the captains, including about 2,500 who have been stuck to that rank for five years, will have to wait it out, said Maceda.

De Villa has supported the proposal to review and revise the military promotions system.

Camp Tightens Security To Protect Officials

HK0702012590 Manila Far East Broadcasting Company in Tagalog 2300 GMT 6 Feb 90

[Text] Camp Crame has tightened its security after discovering a plan by rebel soldiers to raid the camp and kidnap several top Constabulary and police officials.

Brigadier General Gerardo Flores, Philippine Constabulary-Integrated National Police [PC-INP] intelligence chief, said that one of the rebels' targets is Lieutenant Colonel Jovencio Gongora, the officer in charge of the military police company and the chief warden of the PC-INP stockade. About 39 military officials involved in the failed December coup d'etat, headed by Air Force Brigadier General Jose Comendador, are being detained in the Camp Crame stockade.

Constabulary operatives, who are responsible for monitoring the activities of the members of the Reform the Armed Forces Movement, discovered the plan.

Meanwhile, General Renato de Villa, Armed Forces chief, announced that the revolutionary movement of the Communist Party of the Philippines-New People's Army [CPP-NPA] remains a major threat to the country's security. However, despite his admission, he claimed that the movement will soon collapse, adding that at present, it can only claim 19,000 members, compared with 25,000 in 1987, and that even the movement's organized base is rapidly declining. He said that there will come a time when the only remaining threat to the country's stability is the CPP-NPA.

Biazon Says Future Coup 'Highly Improbable'

HK0602121990 Quezon City GMA 7 Radio-Television Arts Network in Tagalog 1030 GMT 6 Feb 90

[From the "GMA News" program]

[Text] Recruitment activities carried out by rebel soldiers were not limited among enlisted men, but were present in all levels of the Armed Forces of the Philippines. This was clarified by Brigadier General Rodolfo Biazon, National Capital Region Defense Command chief.

However, Biazon stressed that the public should not worry about a coup attempt in the near future, saying that the strength of the rebel soldiers has declined and that Gringo Honasan is expected to be arrested very soon.

[Begin Biazon recording in English] Right now, I can say the probability of another one is very, very highly improbable because of many factors. One is the probability of being able to recruit units that they need is not there right now. Second, the government efforts, particularly on the parts of the Department of Justice in dealing with civilian supporters, I think, is a very important aspect that was not there before. Third, the reconsolidation efforts of all units, particularly the elite units—the Rangers, the Marines, the armor, the Air—are effectively preempting any attempt on their part to recruit sizable elements necessary for a coup d'etat. [end recording]

Rumored Valentine's Day Coup in Davao Denied

HK1302133790 Manila Radio Veritas in Tagalog 1300 GMT 13 Feb 90

[By Jing Fernandez of DXGN-FM, Davao City—in English]

[Text] The regional PC [Philippine Constabulary] command denied today, reports of a brewing coup attempt to be launched in the region by rebel elements within the Armed Forces on Valentine's Day. General Antonio Teves, commander in charge [title as heard], said through PC spokesman Major Wilfredo Garcia that there is no truth to rumours of an impending coup on the 14th, or in early March. The command said that it has been closely monitoring all activities of suspected rightists and there are no indications of a coup attempt in the offing.

Rumors of a Valentine's Day coup attempt were brooded on late last week by certain businessmen, but Teves said they were baseless. He said that during the recent visit of Defense Secretary Fidel Ramos and AFP [Armed Forces of the Philippines] chief of staff General Renato de Villa, all unit commanders pledged support to the Constitution and all duly-constituted government authorities. The chain of command in the Armed Forces will remain unbroken in the region, Teves assured the public.

That is the news from Davao City for DWRV Radio Veritas. Jing Fernandez reporting.

Rebels Reportedly Infiltrate Military Academy

HK1202043190 Manila THE MANILA CHRONICLE in English 12 Feb 90 p 1

[Text] The Philippine Military Academy [PMA] has been infiltrated by rebel soldiers, causing unrest among

young officers and cadets in the country's premiere military school, according to PC [Philippine Constabulary] chief Maj. Gen. Ramon Montano.

Montano faulted the PMA administration for the infiltration by the Reform the AFP [Armed Forces of the Philippines] Movement-Soldiers of the Filipino People [RAM-SFP], saying its laxity has given the rebels the opportunity to recruit members. "They have erred through oversight," he said in a speech before the Asian Institute of Management (AIM) workshop in Makati.

"The likes of fugitive air force Lt. Col. Eduardo "Red" Kapunan and the RAM core group have succeeded in brainwashing the military faculty members and the cadets towards rebel aspirations and political motivations," Montano said.

The RAM-SFP was behind the failed December coup, the bloodiest and most serious of six attempts against the Government.

Calling the RAM core group "military interventionists," Montano said they have not only infected the PMA but the entire Armed Forces of the Philippines organization with their "virus."

"They have succeeded in dividing the AFP into two factions: the constitutionalists and the interventionists," he added.

Montano said it is the junior officers whom they deceive and their followers who die. "The coup leaders and the coup plotters fade and escape through the night like 'Batman' when the going gets rough."

He named members of the rebel core group who have extensive links with the PMA junior officers as Navy Capt. Felix Turingan, Air Force Brig. Gen. Jose Ma. Zumel and former Army Lt. Col. Gregorio Honasan.

Zumel, he said, served as PMA superintendent until the fall of the late former President Marcos while Kapunan was formerly a faculty member until the failed Aug. 28, 1987, coup attempt.

At least 140 cadets will graduate from the academy on Feb. 18 to become the first batch of cadets who were trained under the Aquino regime.

Meanwhile, a military intelligence report bared plans by the ultra Right and the extreme Left to form a "tactical alliance" to fight the Aquino Administration during the 1992 presidential elections.

The report furnished to the media yesterday said preliminary talks have already taken place between emissaries of Communist Party of the Philippines (CPP) chairman Benito Tiamzon and RAM leader ex-Army Lt. Col. Honasan.

It quoted a "reliable source" as saying the alliance is aimed at dislodging the Aquino Administration which all the underground rebel movements perceived as a "common enemy" in the 1992 polls.

The military said the RAM and CPP, through their respective representatives, had held informal talks shortly after the failed December coup, mainly on the initiative of the RAM.

Aquino, Ileto Assure No Disturbances at PMA

HK1402090790 Manila Manila Broadcasting Company DZRH in Tagalog 0800 GMT 14 Feb 90

[By Vic Pambuan from Malacanang Palace]

[Text] National Security Adviser Rafael Ileto gave an assurance today, that no violence will break out in the country when President Corazon Aquino goes to Baguio for the Philippine Military Academy [PMA] graduation rites on 18 February. Ileto said that leaders of the Ram [Reform the Armed Forces Movement] no longer have the capability to launch a coup because many of them have been arrested. Moreover, no PMA cadets joined the aborted coup d'etat last year. He added that if any violence should erupt, it would only be minor incidents such as threats to local officials. Ileto does not believe that they could be as serious as the aborted coup d'etat.

Ileto also revealed that many rebel soldiers will be captured in the near future:

[Begin recording in English] [Ileto] On serious attempts, I don't think for any coup. For some time.

[Reporter] What about this coming weekend?

[Ileto] This coming weekend? The most will be some minor disturbances, if they decide to do something about it. But I don't think so.

[Reporter] Where, sir?

[Ileto] No, I don't know. We really do not know. It is just a question...I don't think there'll be any serious attempts, if there will be any these coming two, three weeks. I doubt it very much. [end recording]

In a related development, President Aquino is convinced that the PMA graduation rites will proceed smoothly now that the academy is headed by Brigadier General Arturo Enrile. She believes that no disturbances will occur during her visit to Baguio City.

Rebels Reportedly Plan Destabilization Attempts

HK1402113990 Quezon City GMA 7 Radio-Television Arts Network in Tagalog 1030 GMT 14 Feb 90

[From "GMA News" program]

[Text] The entire Armed Forces of the Philippines [AFP] was again put under red alert as the military claimed that it had received reports of a possible movement by rightist rebels this February. The full report from Jessica Soho:

[Begin recording] [Soho] Rebels are reportedly planning to carry out destabilization attempts this February. Hence, the soldiers have been placed under red alert. The warning was first revealed by National Security Adviser Rafael Ileto at Malacanang today.

Earlier, AFP chief General Renato S. de Villa visited Region 1. Sources close to him said the visit was a surprise one, and was precipitated by coup threats from Northern Luzon in connection with the Philippine Military Academy [PMA] graduation rites in Baguio city this Sunday. De Villa admitted that it was necessary to ensure that no disturbances occur at the PMA. In 1987, a bombing incident rocked the PMA:

[De Villa in English] We just want to assure ourselves that the PMA graduation activity is carried out without any untowardly incident whatsoever from any of the threat groups.

[Soho] In another development, the Air Force denied a reported raid on the 5th Fighter Wing's armoury in Basa Air Base, Pampanga. According to 5th Fighter Wing commander Brigadier General Armando Garcia, the report was false. General Garcia also showed the armoury where ammunition, rockets, and missiles used by fighter jets are stored.

[Garcia] I think it is an attempt to destroy the 5th Fighter Wing and the AFP so that the people will lose their faith in us and side with the coup plotters, thereby ensuring their victory. But there is no truth to this report. It is just a fabrication. As you have seen yourself, there has been no such raid at all.

[Soho] Even though the soldiers have been placed under red alert because of the coup threats, Valentine's Day proved to be a joyous day for them, especially to those confined in the hospitals. College girls from different schools in Metro Manila visited them and brought them flowers, food, the Bible, and rosaries. According to the students, it was their way of greeting the soldiers on this day. [end recording]

Military on Red Alert Following Coup Reports

HK1402092590 Manila Manila Broadcasting Company DZRH in Tagalog 0800 GMT 14 Feb 90

[Report by Eloi Aquino]

[Text] Armed Forces Spokesman Colonel Juanito Rimando announced that all military units in all military camps around the country have been placed under red alert, but the top military leadership refused to explain the true reason behind the red alert order. At the same time, officials met with their military units assigned to the defense of major armed forces camps, particularly Camp Aguinaldo to instruct them anew on the use of battle equipment including the use of tanks stationed in the said camp. Although the military leadership declined to state the reason behind the move, it is presumed that this is in preparation for reports that rebel soldiers will again launch another coup which would coincide with the Philippine Military Academy [PMA] graduation of Class 1990.

It is recalled that President Corazon Aquino, Defense Secretary Fidel Ramos, and Armed Forces Chief of Staff General Renato de Villa always attend the PMA rites as guest speakers.

According to a high-ranking military official, who refused to be identified, they are no longer surprised by the red alert order because they are already used to this kind of move, since the launching of the bloodiest coup attempt in December.

Captured Coup Leader on 'Leave' From Office

HK0902140590 Manila Radio Veritas in Tagalog 1300 GMT 9 Feb 90

[Text] Retired General Cesar Tapia stressed that Gamus, the arrested coup leader, is no longer connected with Vice President Laurel nor with his office. He said that Gamus went on a leave of absence 10 days before the December coup was launched and since then they had no control of his activities.

Vice President Salvador Laurel received notice from the Armed Forces of the Philippines on 22 January regarding a plan to investigate 15 members of his security force who were possibly involved in the coup. Tapia, who is Laurel's security chief, was also implicated.

Military's Losses in December Coup Questioned

HK1302101790 Manila PHILIPPINE DAILY GLOBE in English 11 Feb 90 pp 1, 6

["Globe Exclusive" by Miguel C. Genovea]

[Text] The military establishment suffered P335,890,170.35 in losses and damage during the failed December coup attempt, according to a Commission on Audit [COA] report made public yesterday.

Of the total amount, P335,642,314.51 was in property losses or damage and P247,855.84 was in cash.

The COA figures, however, conflict with the figure reported recently by Gen Renato de Villa, AFP chief of staff, to the Senate committee on national defense.

In his report to the Senate, De Villa said P486.9 million worth of facilities, armaments and equipment were destroyed in the last coup attempt and asked the senators for additional funds to cover the losses.

The difference between the COA and De Villa's figures is about P151 million.

The COA report, submitted by Director Raul Flores to COA Chairman Eufemio Domingo, showed that the Navy suffered the biggest loss—P165.4 million.

De Villa claimed that the biggest loss was inflicted on the Air Force—P216.5 million. He said the Navy lost P169.5 million, bigger than the COA estimate.

The De Villa report, however, did not indicate cash losses.

Under the COA report, the cash loss is made up of P185,155.84 under the accountability of Maj [Major] Q. Jose Llamas, commanding officer of the 11th Finance Service Unit, and P62,700 under the accountability of Lt Col [Lieutenant Colonel] Jose D. Valeriano Jr, commanding officer of the Logistics Training Center.

In his report dated December 11, 1989, Llamas alleged that when he reported for work on December 4, 1989, he discovered that the steel vault in his office had been forcibly opened, apparently with the use of explosives and high-powered firearms and crowbar.

For his part, Valeriano, in a report dated December 28, 1989, claimed that upon reporting to the center on December 12, he discovered that the office, supply room armory, the barracks and library had been ransacked and looted. He said the losses included firearms and cash.

A COA audit report, prepared by the COA resident auditor, also showed that cash amounting to P662,266.53 and 42 firearms were lost in the Bureau of Customs during the coup.

The cash losses were under the accountabilities of Oscar Sto Domingo, Christine Florendo and Dionisia Quereto. The three disbursing officers used the same vault and all of them knew the combination of the vault, the report said.

Comparison of Property Losses in the Military Establishment in the Dec 1-9 Coup

	COA Report		De Villa Report
Navy	P165,446,419.81	Air Force	P216.5 million
Air Force	P136,205,797.00	Navy	P169.5 million
AFP-GHQ [Armed Forces of the Philippines]	P28,588,203.70	PC	P27.8 million
Coast Guard	P4,255,320.00	Army	P23.1 million
PAFSECOM [Philippine Air Force Security Command]	P662,680.00	Other Units	P31.9 million
DND [Department of National Defense]	P483,894.00		
Total	P335,642,314.51	Total	P468.8 million

1987 Coup Leader Sentenced to 12 Years

HK1402045390 Manila PHILIPPINE DAILY INQUIRER in English 14 Feb 90 pp 1, 6

[By Fe B. Zamora]

[Excerpt] A military court convicted yesterday former Lt. Col. Reynaldo Cabauatan for leading one of several coup attempts in 1989 against President Aquino, and sentenced him to 12 years at hard labor.

Cabauatan was found guilty of mutiny on April 18, 1987, when rebellious troops stormed the Army headquarters at Fort Bonifacio, and seized some 50 hostages in a bid to free other rebels jailed for a failed coup the previous January.

The one-page verdict was read by Air Force Brig. Gen. Andrew Francisco, head of the five-man general court martial No. 12, before a crowd made up mostly of Cabauatan's relatives and supporters inside the Judge Advocate General's Office building at Camp Aguinaldo.

As he was being led out of the courtroom by soldiers, Cabauatan raised a clenched fist and cursed the verdict in Tagalog.

Oliver Lozano, Cabauatan's counsel, said "the verdict is not yet final." The conviction will be elevated to a review panel.

"We will wait for the review," Lozano said. "We expect that the final decision will be decided by a new president."

The court also ordered Cabauatan's dismissal from service and the forfeiture of all his salaries and benefits.

Troops loyal to the late President Marcos seized a television station and raided at least two military camps in the Jan. 27 rebellion, which ended after 61 hours when holdouts in the television station surrendered.

The court cleared Cabauatan of involvement in the January 27, 1987, takeover of GMA-Channel 7 due to conflicting testimony by prosecution witness. The prosecution claimed Cabauatan led soldiers from the North to reinforce the rebels at the station, but his troops were intercepted by loyal soldiers at a highway several kilometers away.

Cabauatan's lawyers said they would appeal the conviction.

The decision followed 90 minutes of deliberation by the tribunal after final hearings yesterday in the seven-month trial.

Cabauatan, wearing a barong [national dress shirt] appeared unmoved as the verdict was read. His wife cried loudly and his mother fainted as relatives and friends embraced him after the brief proceedings.

"My beliefs have been strengthened. Damn this system," Cabauatan later told reporters in Tagalog, "Anyway, the

decision here will be reviewed by the (military) board (of review). I hope there will be justice in that level. I hope justice will prevail."

His 43 alleged co-conspirators in the April 1987 "Black Saturday Mutiny" were acquitted by the same court last year.

Cabauatan also was among 40 soldiers and civilians charged with rebellion in July 1986, when pro-Marcos politicians occupied the luxury Manila Hotel and proclaimed Arturo Tolentino, Marcos' running mate in the fraud-marred February 1986 presidential elections, as president. The government later dropped the charges.

Cabauatan was arrested March 9, 1989, at a Japanese restaurant in Pasay City where he was entertaining friends.

His conviction came two months after the government crushed the Dec. 1-9 coup attempt, the sixth and most serious bid by right-wing military officers to topple Ms. Aquino.

Cabauatan, 42, was the godfather of a military fraternity known as the Guardians Brotherhood. An expert in psychological warfare, Cabauatan was accused of organizing the Guardians as part of the plot to oust Ms. Aquino and bring back Marcos. A graduate of the University of Santo Tomas, he was a 1971 integree in the Constabulary.

The military tribunal also convicted last year 32 military officers for the series of coup attempts in 1987. Sentenced to 20 years at hard labor were six officers led by Col. Domingo Bayan, for the takeover of Sangley point in 1987, and Col. Oscar Canlas and eight others for the takeover of the GMA-Channel 7 takeover. Two other officers were sentenced to six years at hard labor for the Channel 7 takeover.

The court also convicted 13 military officers led by Lt. Col. Reynaldo Berroya for the bloody Aug. 28, 1987 coup attempt. They were sentenced to eight years at hard labor. [passage omitted]

'5,000 Civilians' Flee as Military Attack Rebels

HK1402142590 Hong Kong AFP in English 1407 GMT 14 Feb 90

[Text] Dipolog, Philippines, Feb 14 (AFP)—Some 5,000 civilians have fled their homes near this southern city amid shelling by Army units trying to flush communist guerrillas from mountain strongholds, a local mayor said Wednesday.

The evacuees started streaming into schools and makeshift structures in the towns of Mahayag, Molave and and Tambulig shortly after the Army offensive began on February 3, Mahayag Mayor Domiciano Real said.

"We have information that the Army has bombed and attacked suspected mountain strongholds of the NPA in Tambulig and Molave towns," Mr. Real told reporters here, referring to the communist New People's Army (NPA).

He said the evacuees told him the shelling had occurred on Mount Malindang and that helicopter gunships were also used in the attack.

Military spokesmen said in Zamboanga City last week that 67 NPA guerrillas and eight soldiers were killed in three days of fighting on Mount Malindang during which the Army used artillery.

Mr. Real said some of the evacuees told him that 19 peasants and 32 combatants were slain during the fighting. The military has made no report of civilians killed.

Local military spokesman Captain Ranulfo Inocencio told reporters Wednesday that an unspecified number of civilians were wounded in the crossfire.

The area is located in the northwest region of the southern island of Mindanao.

Inflation Falls to 13.1 Percent at End of 1989

HK0602044190 Manila BUSINESS WORLD in English 6 Feb 90 pp 1, 6

[By researcher M.L.V. Carrillo]

[Text] The '90s went off to a positive start as inflation nationwide fell to 13.1% from a high 14.1% at yearend '89. The rate, however, is still 4.1 percentage points higher than the 9% inflation rate in January 1989.

Improved price movements may well indicate that the country has recovered from the mutiny crisis last December.

Inflation dropped to 13.4% in the provinces and to 12% in Metro Manila.

The latest National Statistics Office data show the consumer price index (CPI) for all items went up at a slower pace in January. During the period, CPI was reported at 478.8, or 3.5 index points over 475.3 points in December.

Thus, the peso's purchasing power dropped to P0.2089 compared to the yearago level of P0.2363. (1978=100)

The inflation decline during the month was traced to a drop in the annual growth of food, beverages and tobacco group prices, the most heavily weighted group of all commodities. This was a direct result of government price controls. Authorities, however, noted that this could be temporary, in the face of anticipated price hikes in the wake of the drought.

Ample supply of vegetables in Metro Manila Nueva Ecija, Pangasinan, Bulacan, Nueva Viscaya, Pampanga, Benguet and Ilocos helped to moderate prices in the region.

The group's CPI, however, increased 0.2% from last month because price cuts did not offset the price hikes of other food items in the provinces.

The fuel, light and water index posted the biggest CPI growth both on a yearly (21%) and a monthly (2%) basis. This may be traced to higher prices of firewood, LPG [liquified petroleum gas] and kerosene. The increase in water rates and electricity generation charges also contributed to the group's CPI gain.

CPI increases during the month were also recorded in the services group (1.6%) housing and repairs and miscellaneous items (both 1.2%); and clothing (1%).

Thailand

Newspapers Comment on Recent Visit by Ryzhkov

BK1402095990

[Editorial Report] On 13 and 14 February, the Thai-language newspapers SIAM RAT, MATICHON, and BAN MUANG comment on the visit to Bangkok by Nikolay Ryzhkov, the first ever visit to Thailand by a Soviet premier.

On 13 February, the 350-word SIAM RAT page 8 editorial entitled "What Is Expected From the Soviet Union" says: "Thai-Soviet relations became estranged after World War II, which was followed by the cold war era between the free world led by the United States and the USSR-led communist world. After World War II, Thailand—following the U.S. anticommunist policy—viewed the Soviet Union with suspicion." Continuing, the editorial notes that the recent political changes in the Soviet Union and the end of the cold war "have caused countries that previously viewed the Soviet Union with suspicion to change their posture and assume more friendly relations. Thailand is among those countries; it has earnestly tried to restore good relations with the Soviet Union. Therefore, the visit of the Soviet prime minister represents a step forward in the history of Thai-Soviet relations. It is expected that the visit will generate new hopes for Thailand, particularly concerning an effective settlement of the Cambodian problem, which Thailand itself also keenly seeks."

On 14 February, the 1,000-word MATICHON page 8 editorial entitled "Thailand-USSR in a New Situation" says: "Soviet Prime Minister Nikolay Ryzhkov's visit to Thailand takes place while the old political fear and suspicion of the Soviet Union is fading almost completely. The reason for this is the political changes in the Soviet Union and other countries behind the Iron Curtain that amount to an end of monopoly of power by the communist parties.

"In light of this, a new situation of greater mutual cooperation between Thailand and the Soviet Union should begin. The visit of Nikolay Ryzhkov has reflected this new situation, which should be cultivated. The Soviet Union has acknowledged its strong and weak points in industry, which could be improved through exchanges with Thailand."

The MATICHON editorial concludes: "As the new, welcomed situation arrives and develops constructively, the question is: How serious and eager is Thailand in becoming a part of this? Establishment of cooperation with more major countries will benefit Thailand, enabling it to avoid being under the influence of just one or two major powers."

The 14 February BAN MUANG 1,200-word "Stop the World" column by "Free Man," on page 2, entitled "Soviet Prime Minister Strengthens Relations With Thailand" says: "The visit by the Soviet prime minister may help strengthen the investment and cooperation climate in this region.

"The informal meeting on Cambodia in Jakarta is likely to lose its importance, as Prince Sihanouk and the Khmer Rouge have refused to participate. Everyone is awaiting the outcome of the meeting of permanent UN Security Council members; the future and fate of Cambodia are in the hands of the superpowers, not the Cambodians. The Soviet Union has played a major role in bringing a peaceful atmosphere to Europe, it can also help bring the same to Cambodia."

Efforts To Improve Saudi Relations Continue

Mood in Riyadh Assessed

BK1002042490 Bangkok BANGKOK POST in English 10 Feb 90 pp 1, 3

[Text] The visit to Saudi Arabia by a Thai delegation led by Deputy Foreign Minister Praphat Limpaphan should help offset the negative attitude Saudi Arabians hold for Thais following the killing of three of their diplomats in Bangkok.

Thai Ambassador [attached to Foreign Ministry] Kopsak Chutikun told the BANGKOK POST yesterday the Saudi Government's attitude towards Thailand has already improved, but negative feelings still prevail among a number of Saudis.

Mr Kopsak left Bangkok for Riyadh yesterday to prepare for the Thai delegation's visit.

The team leaves tonight and is due back in Bangkok on Tuesday morning.

In a telephone interview yesterday, Mr Kopsak said the reception given the Praphat delegation would be crucial in overcoming current attitudes.

Interest in the case is high in Riyadh.

The general Saudi feeling towards Thais is bad, according to Mr Kopsak.

"Their impression is that Thais are hostile to them."

He said the three slain Saudi diplomats—consul 'Abdallah A. al-Basri, Fahd A.Z. al-Bahli and Ahmad A. al-Sa'if—have been portrayed as martyrs in Riyadh.

The ambassador said Saudi officials strongly believe the killings are politically-motivated.

He said the killing of Saudi Embassy third secretary Salih al-Malik in January last year was, according to the Islamic calendar, exactly one year after a Saudi diplomat was killed in Turkey.
Mr Kopsak said that when former Interior Minister Praman Adireksan and Deputy Interior Minister Watthana Atsawahem visited Riyadh, Saudi officials had warned them that terrorism against their country was expanding to Southeast Asia.
Saudi officials gave Gen Praman and Mr Watthana a list of suspected terrorists and asked that efforts be made to block their entry into Thailand.
Mr Kopsak said Immigration officials were informed, but it was difficult to take effective action because names could be changed easily.
The ambassador said while Thai officials had verbally briefed Saudi officials about the result of the investigations into the death of al-Malik, no formal report had been submitted.
Saudi officials therefore question why they have not yet been officially informed.
These developments, Mr Kopsak said, contribute to the feeling among Saudi officials that Thai authorities were not being responsive enough to their concerns.
This was particularly so after the killing of the three diplomats.
As a result, Thai workers there still face hardships, ranging from refusals to sell goods, bad manners and being spat on in the street.
The ambassador said, however, these were individual incidents.
Attempts must be made to overcome this attitude, but would take time.
Mr Kopsak said he expected to discuss general bilateral ties and regional issues with the Saudi Foreign Ministry's political department and discuss the ban on visas for Thai workers with the Saudi Labour Department today.

Between 130,000 and 150,000 Thais work in Saudi Arabia.
"If the people (Saudi residents) see their leaders accepting our delegation, this should help improve their attitude," he said.
Mr Kopsak said the Thai Embassy hoped a number of key Saudi officials would receive the Praphat delegation, but refused to them for reasons of protocol.
The fact that Thailand was sending a delegation showed it was sensitive to Saudi concerns.
Mr Kopsak said he did not think that any violence towards Thai workers would occur because the Saudi Government was not encouraging such an attitude and its laws were harsh and strictly enforced.
As a preventive measure, Saudi officials have improved security for the Thai Embassy and its staff were being more careful in their travels around Riyadh.
Meanwhile, Deputy CIB [Central Intelligence Bureau] chief Maj-Gen Chalo said in a separate interview last night that he accompanied the Thai Embassy labour attache to a number of sites where Thais are working.
Maj-Gen Chalo quoted the workers as saying that they had "suffered" considerably from local reaction to the Bangkok killings.
The workers told him, however, that the atmosphere showed signs of improvement in the last two days once news reports reched Saudi Arabia that Thai police were making progress in the murder investigations.
Maj-Gen Chalo said he believed the Thai delegation would be able to meet the Saudi Interior and Foreign ministers on Monday.
On his part, Maj-Gen Chalo said he would brief the ministers about the investigation into the murder of the three diplomats, last year's killing of third secretary al-Malik, the recovery of most of the stolen jewels from a royal palace and the new security measures being adopted for Saudi diplomats.

Praphat Reports on Visit

BK1402013990 Bangkok BANGKOK POST in English 14 Feb 90 p 3

[Excerpt] Saudi Arabia has reaffirmed it will keep its door open for Thai workers, but visas for new job seekers from Thailand will be suspended for the time being.
Deputy Foreign Minister Praphat Limpaphan, who returned from a four-day visit to Saudi Arabia yesterday, said Riyadh would not be able to issue new visas to Thai workers until a new official team arrived to do the job formerly carried out by the three diplomats who were shot dead on February 1.
"Saudi Arabia has reaffirmed it will continue to accept Thai workers, but it cannot accept new ones for the time being because the officials in charge of visa work were killed," Mr Praphat said.
The deputy said current embassy staff could not handle the work because a large number of visa applications were lodged each day and this could also pose a problem for the security system.
Saudi authorities informed him they would have to find new people for the job. It was "not easy" to find people who wanted to accept a posting to Bangkok.
The suspension of new visas will not affect those going to Saudi Arabia on pilgrimages and Thai workers who are already working in Saudi Arabia, Mr Praphat said.
Visa applications from businessmen, tourists and government officials will be considered on a case by case basis.
He told reporters on his arrival at Don Muang Airport his mission to Riyadh was extremely successful.
He said his Saudi counterpart had shown understanding after being told of Thailand's sincerity in investigating the killings and of security measures being provided for Saudi citizens here.
Saudi Arabia reaffirmed it would cooperate with Thailand to promote bilateral relations.
Saudi authorities also expressed their willingness to listen to the problems and difficulties Thai workers might have in Saudi Arabia as a result of the killings, Mr Praphat said. [passage omitted]

Search for Saudi Continues

BK1402023790 Bangkok BANGKOK POST in English 14 Feb 90 pp 1, 3

[Text] Police have launched an extensive search for a Saudi businessman who was missing after leaving his home on Monday evening.

Police Department Chief Sawaeng Thirasawat said the businessman, identified by Thung Mahamek police as Mohammed al-Ruwili, went missing after leaving his Si Watthana Apartment in Soi Yen-akat.

The man, who is a major shareholder of Sincere International Equipment Co Ltd, a job placement agency which supplies Thai workers to Saudi Arabia, returned home from work and took a bath before leaving in a green Peugeot car. He has not been seen since.

Pol Gen Sawaeng said that the businessman's wife had notified local police following his disappearance.

All police divisions including the Highways, the Immigration, the Tourist and the Police Crime Suppression divisions were alerted about the disappearance.

Saudi Arabian Charge d'Affaires Abdullah al-Shubayli called on Interior Minister Banhan Sinlapa-acha at the ministry yesterday afternoon, reportedly to urge the minister to help find the missing man.

A ministry source said the diplomat spent about one hour with Mr Banhan.

The source said Mr Banhan promised to try to locate the missing man as soon as possible.

Ministry officials, including Interior permanent secretary Anek Sitthiprasat, refused to disclose details of the meeting to reporters, saying he had been instructed by the "boss" not to talk.

Mr Banhan said Mr al-Shubayli came to thank the Thai officials for investigating the assassination of three Saudi diplomats on February 1.

Mr Banhan denied any knowledge of the Saudi businessman's disappearance.

Meanwhile, Pol Gen Sawaeng confirmed after an urgent meeting of senior City police officers last night that he had ordered a security beef-up for the Saudi embassy in Bangkok.

He said that he had ordered the Special Task Force and Patrol Police to assist the Special Branch and the local police in providing security for the Saudi Embassy and its staff members.

The police chief was briefed during the meeting by two City police investigation teams which are separately probing the February 1 murders of the three Saudi diplomats.

The police investigations are based on two possible motives—international terrorism and an internal conflict in the embassy over the labour export business.

Thailand Seen as Scapegoat

BK0802134190

[Editorial Report] Three Thai-language dailies—THAI RAT and SIAM RAT on 7 February, and MATICHON on 8 February, commented editorially on the Saudi Arabian reaction to the murder of its three embassy officials in Bangkok on 1 February.

THAI RAT's 800-word editorial on page 3, entitled: "Overreaction from Saudi," says that several measures taken by Saudi Arabia, from the refusal to issue visas to all categories of Thai visitors, to hinting that it might close its embassy in Thailand, could be construed as "an implicit act of severing diplomatic relations with Thailand." The paper says that it sympathizes with Saudi Arabia which lost three of its diplomats, all murdered in Bangkok within a day. "Yet, what is more regrettable is the fact that Saudi Arabia reacted so strongly toward Thailand as if Thailand was its enemy."

"It is unfair for Saudi Arabia to treat Thailand like a hostile country and to subject some 200,000 Thai workers in Saudi Arabia to pressure thus making them a scapegoat to quench the thirst for vengeance against the assasins of its subjects," the paper says. It says: "It must be understood that the fact that Saudi Arabia is employing Thai workers is based on a principle of reciprocal interests. Saudi Arabia also benefits from their presence. If it wishes to be a member of the international community, with honor and respect, Saudi Arabia should think of adjusting its stand now."

SIAM RAT's 800-word editorial on page 8, entitled: "Not a Cheap Diplomacy," says that as Thailand is sending its deputy foreign minister to Saudi Arabia, with a message of sympathy from the Thai prime minister to Saudi Arabia's leader. It is hoped that this would help pacify the animosity the country feels toward Thailand over the recent incident.

The paper recalls the long-term relations of the two countries, especially the close ties between the Muslims in Thailand and the people of Saudi Arabia. It notes that the refusal to issue visas to Thai workers as well as other measures could be Saudi Arabia's way of spurring the Thai government to find the criminals and to punish them. "Yet, that kind of a retaliation was too harsh," it says. The paper also says it sympathizes with the Saudi Arabian Government, beset by various international political problems, and concludes: "Still, we hope that the Thai Government's mission to Saudi Arabia to apologize to the government in accordance with diplomatic tradition will help patch up relations between the two countries."

MATICHON's 1,000-word editorial on page 8, entitled: "Thailand is Not a Scapegoat," says that the Thai people were puzzled by Saudi Arabia's strong reaction culminating in the refusal to issue a visa to the Thai deputy foreign minister who was to have left for Riyadh on 6 February. Apparently, it must be Saudi Arabia's assumption that Iran was behind the killings of four of its Bangkok diplomats who have been died here in just two years. It may have a grudge against Thailand, the host country, for its failure to provide security for its subjects.

"If that was the case, it means Thailand has been made a scapegoat and taking the blame for others. The Thai

people do not accept that," the paper says. The paper also wonders "if it was because Saudi Arabia wanted Thailand to sever relations with its enemy." If this is the case, then Thailand still cannot act as long as there is no evidence to prove that the killing was really the work of Iran. It concludes: "The suspension of visas for Thai citizens, the hint of withdrawing its embassy staff from Thailand, and the refusal to allow the visit by Thai deputy foreign minister are not constructive diplomatic maneuvers on the part of Saudi Arabia."

Austrian Official Comments on Cambodia Talks

BK1202034390 Bangkok BANGKOK POST in English 12 Feb 90 p 6

[By Natthaya Chetchotirot]

[Excerpt] The decision by the Khmer Rouge not to attend the Jakarta informal meeting is a new obstacle for progress in the Cambodian peace efforts, Austrian Foreign Minister Alois Mock said after arriving in Bangkok yesterday.

Dr Mock—who is also president of the International Conference on Kampuchea [ICK] of the United Nations—said the nonparticipation of the Khmer Rouge is "not an auspicious sign" for the Jakarta talks scheduled to be held February 26-28.

Dr Mock, who will be in Thailand until Wednesday, is scheduled to meet Prime Minister Chatchai Chunhawan and Foreign Minister Sitthi Sawetsila.

He is also scheduled to meet Prince Norodom Sihanouk in Phatthaya tonight.

Dr Mock said his talks on Cambodia with top Thai officials and the prince will touch on recent developments including the Australian proposal that an interim UN government be set up to administer the country prior to general elections.

He said the United Nations Security Council's agreement that the UN should play a greater role in resolving the Cambodian conflict was "a good beginning."

"I was told that the representatives of the Khmer Rouge will not be participating (in the Jakarta talks)," Dr Mock added.

He noted that in the Paris conference on Cambodia last August, "you had at least all the factions around the table."

"This is a procedural pre-requisite to finding a solution. Everyone that is important is at the table. So in Jakarta, if the Khmer Rouge does not participate... this is a new obstacle for progress," he said.

"It is not an auspicious sign," Dr Mock added.

Dr Mock said he planned to discuss the Cambodian conflict, which he described as a major political issue, with Gen Chatchai, ACM [Air Chief Marshal] Sitthi and Prince Sihanouk.

The ICK, he said, has been following the Cambodian conflict since 1981.

"A very competent judge of recent developments based on the Australian plan is Sihanouk," Dr Mock said.

He said Gen Chatchai had made several initiatives and proposals which "found great international echo".

"He proposed a step by step solution within a global solution. I would... enquire on his judgment of the Australian plan and what he thinks of the situation in Cambodia and at the (Thai-Cambodian) border," Dr Mock said.

He said his discussions in the region would enable him to report to the ad-hoc committee of the ICK and to see whether the body could take any initiative that would lead to a solution.

The Austrian minister said another crucial aim of his visit to the region, which takes in India, Nepal, and Bhutan as well as Thailand, is to assure its leaders that the developments in Eastern Europe "will not detract our attention" towards otehr countries.

While admitting that what was happening in in Eastern Europe was a "very important and spectacular event," the world was composed of several continents and not just Europe.

"It should be wrong, while devoting additional supplementary cooperative efforts to the...problem in Eastern Europe, not to continue and increase our cooperation with other areas, particularly Tokyo, Bangkok and New Delhi which are fast growing and becoming more and more important politically," Dr Mock said. [passage omitted]

Holds Talks With Sihanouk

BK1302140590 Bangkok Voice of Free Asia in Thai 1030 GMT 13 Feb 90

[Text] Austrian Foreign Minister Alois Mock held a news briefing at the Press Center of the Foreign Ministry's Information Department this morning. After reporting on his meeting with Foreign Minister Air Chief Marshal Sitthi Sawetsila, His Excellency Alois Mock, in his capacity as president of the International Conference on Kampuchea [ICK], answered newsmen's questions about peace settlement in Cambodia.

To sum up, His Excellency Alois Mock first reported on his meeting with Prince Sihanouk yesterday evening [12 February] when he was informed by Prince Sihanouk about the latter's attitude and position on the Cambodian peace plan proposed by Australia. Alois Mock said that he himself supported Australia's peace plan which calls for a UN role in setting up an interim government prior to the general elections in Cambodia. He noted, however, that Australia's peace plan only calls for UN administration at the national level, with no mention of administration at the local level. This, Alois Mock said, would not facilitate the implementation and achievement of the peace plan.

His Excellency Alois Mock said that Prince Norodom Sihanouk said he would try to persuade the Khmer Rouge leaders to attend the Jakarta informal meeting later this month. Asked whether he thinks the meeting would contribute to achieving the peace settlement for Cambodia, Alois Mock said that there should be some kind of progress in the exchange of views and agreements among the various parties involved at the meeting

despite the fact that they may not be able to achieve a comprehensive settlement of the problem right away. Alois Mock added that a comprehensive settlement of the Cambodian problem will be achieved only through negotiations on the basis of realities in Cambodia.

His Excellency Alois Mock said that, under the framework of a proposal for an enhanced UN role in solving the Cambodian problem, the ICK should serve as an important UN agency in summing up the plan for comprehensive settlement of the problem. He stressed that his major duty is to put together the peace proposals most recognized by the parties involved and to present them for future consideration. He must also try to coordinate the interests of the various parties in order to pave the way for a final settlement.

As for the question of the Cambodian seat at the United Nations, Alois Mock said this question will be taken up only when there is progress made or success in sight for the political settlement of the Cambodian problem. He said that at this moment there will be no change on the question of the Cambodian seat recognized by the United Nations.

Border Tense as Malaysia Holds Thai Officials

BK0702010790 Bangkok BANGKOK POST in English 7 Feb 90 p 1

[Text] Padang Besar, Songkhla—A tense stand-off between armed Thai and Malaysian police took place on the border here as Malaysian police detained five Thai officials who pursued palm oil smugglers into a narrow strip of "neutral" territory between the two countries.

The five unarmed Thai officials—three Customs officials and two Special Operations Unit policemen—were detained by 30 Malaysian policemen armed with M-16 rifles at a village in the border strip, police sources said.

The Malaysian officials accused the five Thais of "invading Malaysian territory".
Later in the day, Padang Besar Customs assistant chief Pramot Thaithawon asked the Malaysian policemen to release the five Thai officials.
Another 20 to 30 Malaysian officials arrived at the border strip and some 50 Thai policemen stood guard on the Thai side of the border during the talks, the sources said.
The Malaysian force finally set the five Thais free, but still remained in the border strip yesterday.
The Thai officials were pursuing some 10 people who smuggled palm oil into the Thai side of Padang Besar and fled into the 3-km-long border strip. The Thai officials were then arrested.
Malaysian traders have built warehouses, some located only 10 metres from the border wall, in what was claimed to be a "neutral" border strip, storing palm oil and other smuggled goods, the sources said.
The 10 smugglers were among 70 to 80 others who smuggled palm oil in plastic bags and other contraband here on Monday, officials said. The palm oil price in Hat Yai has risen to 400 baht a pail while the smuggled oil may sell for only 130 baht a pail on the border.

Customs officials, however, had seized about 1,000 kilogrammes of palm oil before they pursued the 10 smugglers into the border strip.

The amount of palm oil which the fleeing smugglers took back into the border strip was much more than 1,000 kg, the sources said.

Southern Separatists 'Weakened' by Crackdown

BK1302045990 Bangkok BANGKOK POST in English 13 Feb 90 p 8

[Text] Yala—Southern separatist groups have been weakened by 40 days of suppression by combined civilian, military and police Task Force 43, the director of the Interior Ministry's Southern Border Provinces Administration Centre [SBPAC], Wirot Ratcharak, said yesterday.

A number of separatists fled to Malaysia and others into southernmost villages, he said.

Mr Wirot made the comment during the centre's second meeting since suppression efforts started on January 1, following southern schoolteachers' call for protection after a colleague was abducted by separatists last year.

The crackdown forced the separatists to split into groups of five to seven people before fleeing.

He noted those who crossed the border were also afraid Malaysian authorities would arrest them.

While those who fled into villages will be a problem, Mr Wirot said the SBPAC will ask district offices to survey house registrations in villages most susceptible to separatist influence.

He said if the number of people living in a house exceeds that in the registration, the extra residents will be listed and held under suspicion.

Identification documents will also be checked along highways and roads.

Mr Wirot said the military conducted a total of 19 operations since the new year, coming into direct confrontations three times, and capturing seven camps and a number of weapons and ammunition.

Twelve separatists surrendered.

Civilians taking part in the suppression campaign briefed religious leaders and set up people's groups to counter spearatists in Khoksato of Ruso District in Narathiwat province.

The military also used helicopters to drop leaflets during 20 flights, he said.

Quoting military officials, Mr Wirot said the most crucial factor in ending terrorist activities in the South is through international relations with certain countries which have a part in the activities of southern separatists.

Reports Continue on Reactions to Privatization

Cabinet Clarifies Targets

BK0702020190 Bangkok THE NATION in English 7 Feb 90 p 24

[Text] The Cabinet yesterday made it clear that its resolution on Jan 31, 1990 is to privatize new projects relevant to the expansion of state enterprises, not existing operations as misunderstood by some parties concerned.

The statement was referred to its approval in principle for the Transport and Communications Ministry and the National Economic and Social Development Board to carry out the privatization plan as proposed by the Finance Ministry. Both agencies are ordered to report the progress for a final Cabinet approval within six months.

Transport and Communications Minister Montri Phongphanit and PM's [Prime Minister's] Office Minister Anuwat Watthanaphongsiri sought a clarification from the Cabinet yesterday with regard to the privatization of state enterprises. Montri oversees the Telephone Organization of Thailand while Anuwat is in charge of the Electricity Generating Authority of Thailand [EGAT]. Both state enterprises need substantial investment to expand operations to meet with the fast-growing demand.

Finance Minister Pramuan Saphawasu told the Cabinet that the privatization plan was first accepted by the Cabinet about one year ago but to date no substantial progress was made with regard to state enterprises that need to be privatized.

Pramuan also responded to Anuwat's remark that the Namphong power plant project should not be privatized. "As a matter of fact, privatization is not a bad thing. Unionists should understand that they must discuss all problems with the government. After all, we're not going to privatize existing operations of state enterprises."

Pramuan was adamant on privatization, stressing that the EGAT, for instance, needs up to Bt [baht] 130 billion to finance expansion projects, an amount the government cannot shoulder. The expansion projects need to be carried out to avoid a power shortage which will affect the general public and various industries.

The World Bank is considering alternatives for the privatization of EGAT projects to avoid a substantial rise in foreign borrowings, which are subject to an annual US$1.2 billion ceiling. Kasem Chatikawanit, former president of the EGAT, who still commands some influence at the power agency, reportedly endorsed the privatization of the Namphong project although EGAT unionists opposed it.

Unionists at other state enterprises also have opposed the privatization plan. Six Port Authority of Thailand labour unions last week shut down the Bangkok port for four days to protest against a plan to allow private firms to operate wharves and terminals at Laem Chabang port.

The Telephone Organization of Thailand unions also opposed a plan to allow private firms to invest in new telephone lines.

Union Threatens Action

BK0602021590 Bangkok BANGKOK POST in English 6 Feb 90 pp 1, 3

[Excerpt] The Electricity Generating Authority of Thailand [EGAT] labour union yesterday threatened to "take action" next week unless the Government scraps privatisation plans for the agency by its February 15 deadline.

The EGAT workers' union yesterday held what it called the first of a series of rallies in the compound of its headquarters in Nonthaburi to "inform" the employees of an "imminent action."
President of the EGAT union, Mr Sukit Chaiya, said the union also planned similar rallies—to be held after office hours—at various EGAT sites in the provinces.
Rallies will be held every day as the deadline nears.
They will also be held at the Phumiphon dam in Tak, the Sirikit dam in Uttaradit, the Sri Nakkharin dam in Kachanaburi, the Bang Pakong power plant in Chonburi, and at EGAT sites in other parts of the country, Mr Sukit said.
The threat, which is being interpreted as a call to strike, was announced after union leaders yesterday morning held a meeting with Prime Minister's Office Minister Anuwat Watthanaphongsiri at Government House.
After the 30-minute meeting, Mr Sukit said the minister did not respond with a satisfactory answer.
The union also submitted an official letter of protest to Dr Anuwat as the minister in charge of EGAT.
The letter said EGAT workers could not accept a Cabinet decision on January 30 which ordered the privatisation of 10 large projects being undertaken or being planned by EGAT.
It said the Cabinet had also approved a Finance Ministry proposal to list shares in EGAT and the Telephone Organisation of Thailand (TOT) on the Securities Exchange of Thailand [SET].
The Finance Ministry was given responsibility to work out procedures for the listing of the shares.
The Cabinet also ordered the ministry to cooperate with the Juridical Council in drawing up plans to change the status of the two agencies from state enterprises to limited companies or some other legal entity so that their shares could be listed at the SET.
The labour unions at EGAT and TOT last week joined the 25 State Enterprise Unions Group, headed by leader Ekkachai Ekhankamon, in submitting a letter of opposition to the privatisation policy.
The previous petition demanded that the Government scrap the national policy by the end of this month.
"Our action now is a separate and immediate one and is aimed at protecting the agency and the national interest," Mr Sukit told the BANGKOK POST.

"None of us can agree with the privatisation plan and will join hands to fight it to the end. The Government must stop any privatisation of the agency," Mr Sukit demanded.
An EGAT source said the Cabinet on January 30 approved the privatisation plan proposed by Finance Minister Pramuan Saphawasu, saying it was an effort to let private investors share the "burden of huge investment" in electricity power production.
The source said a sub-committee on national energy policy had been formed with Mr Pramuan as chairman to speed up privatisation of EGAT's 10 projects. [passage omitted]

Workers Deliver Ultimatum

BK1302050590 Bangkok BANGKOK POST in English 13 Feb 90 p 3

[Excerpt] Workers with four major state-run agencies, with full support from the State Enterprise Labour Relations Group and labour congresses, demanded yesterday that the Government scrap the privatisation policy for all state enterprises by Friday [16 February] or face a "major move" by workers.
Leaders of the Electricity Generating Authority of Thailand (EGAT), the Petroleum Authority of Thailand (PTT), the Telephone Organsation of Thailand (TOT) and the Communications Authority of Thailand (CAT) unions yesterday also demanded that the Government scrap the Cabinet decision last Tuesday to allow private firms to undertake some projects.
EGAT labour leader Sukit Chaiya said workers would stage a major rally or use other measures to protest the government privatisation plan.
However, he said, the public would not be affected by the move.
Mr Sukit added that if the government continued with the privatisation plan, 16 large projects being planned by EGAT, worth at least 138,000 million baht, would be affected.
He said it was clearly understood that the Government had ignored the workers' demands as the Cabinet meeting last Tuesday decided to allow EGAT to build new power plants and let private firms undertake the distribution and production of power.
"This cannot be done because according to the Constitution, public utility services should be under state control," he said.
He said EGAT could find financial sources from government bonds, or the Government could lift the foreign loan ceiling of 1,200 million baht annually.
Another measure, he said, would be for EGAT to produce power and sell to the industrial sector at 47.7 percent while they could buy bonds in exchange.
"But we will wait until this Friday for the Government to review the decision," he said.
He also challenged the Government to debate in detail its privatisation plan on television.
Mr Praphatphong Kulabut, president of the PTT labour union, said his union had decided to take action against the Government in protest at the plan to bring in private firms to run the agency.
He said the Government had earned at least 6,000 million baht a year from PTT profits for about 10 consecutive years. If the PTT were sold to private firms, there would be no one to respond in case of national security, he said.
"The gas shortage recently was a good example, as the Government could not control the situation when the distribution was run by private firms.
"The private sector only thinks about its profits. Under the operation by private firms, who would be responsible if there were a gas or petroleum shortage?"
TOT labour union president Niwat Nakhasuwan said Interior Minister Banhan Sinlapa-acha had forgotten his statement during the setting-up of the Government that there would be no privatisation policy.
CAT labour union president Watthana Iam-bamrung said his union opposed the plan to allow private firms to hold a 51 percent share in the teleport project at Laem Chabang deep sea port.
"State-enterprises belong to the country and the people, not to certain business groups," he said.
Meanwhile, labour leaders of six Port Authority of Thailand (PAT) labour unions and Deputy Prime Minister Thianchai Sirisamphan have already set this Friday as the date to start a new round of negotiations to resolve the PAT problem.
Representatives of PAT labour unions, chiefs of the Army, Air Force and Navy, the Interior Minister, and the Police Director-General are also expected to attended the meeting which will be held at Government House.
PAT labour leaders led by Somchai Maksamphan also submitted a letter to Gen [General] Thianchai urging the Government to order the Transport and Communications Ministry and the PAT board to scrap the call for bids on February 26 inviting seven private firms to operate wharves and terminals at Laem Chabang deep sea port.
Mr Somchai said after a meeting with Gen Thianchai at Government House that the ministry should halt the bidding because talks between PAT labour unions and the Government had not been completed. [passage omitted]

Paper Faults Unions

BK0802024990 Bangkok THE NATION in English 8 Feb 90 p 9

[Editorial: "Privatization Under Fire"]

[Text] Unruly union leaders from some state enterprises are challenging the government's authority by opposing virtually all forms of privatization. In most cases, the union leaders are more concerned with their own interests than anything else. They dismiss the government's claims that privatization could improve services, yet they offer no viable alternatives except more of the status quo—meaning that most services would remain utterly inadequate.

Take the Laem Chabang deep-sea port as an example. Dockworkers' unions went on strike for four days last week to oppose the government's plan to let private contractors operate the eastern port, which will be Thailand's largest and most modern when it is completed in 1991. Their aim was to prevent outsiders from breaking their monopoly on cargo handling in most of the country's international ports. They simply cannot stand competition because they are too inefficient and corrupt—so much so that shipping companies have to bribe them just to do their jobs.

Now the unions are waiting to resume negotiations with the government. Representing the government will be Deputy Premier Gen [General] Thienchai Sirisamphan, chairman of the State Enterprises National Committee. He and his committee still insist on privatization. And we think they are right.

Perhaps the Laem Chabang port can be divided into two halves, one to be operated by some private contractor, the other by the Port Authority of Thailand and the dockworkers' unions. Let there be open competition of efficiency; let shipping companies be the judge. This seems to be the only way to rouse the unions from complacency.

Another controversy is brewing at the Electricity Generating Authority of Thailand (Egat) Thailand's largest state enterprise. The Egat union has submitted an ultimatum to the government to scrap its plan to involve private investors in new power generation projects. It has set Feb 15 as the deadline for the government to meet the demand.

Again the union has no viable alternatives. Egat needs an outlay of about Bt [baht] 100 billion for new projects to increase the power supply to keep up with rapidly rising demand. Cancellation of some controversial projects and delays in others have already caused a sharp decline in reserve power generating capacity. Further delays could subject the country, particularly Bangkok and other industrial centres, to brown-outs or even black-outs during peak hours.

Where will Egat get the Bt100 billion? The Egat union has no clear answer. Egat, though a top-rated and highly lucrative state enterprise, has its limit on debts. Opening some of the projects to private investment is a wise solution.

One argument used by Egat union leaders is that large-scale power generation should not fall into the hands of the private sector because of security reasons. This is a legitimate concern which can be dealt with through legislation. Safeguards against abuses by private operators can be written into contracts or laws.

The same is true in the case of privatization of new projects by the Telephone Organization of Thailand [TOT]. TOT, as it is now, is utterly unprepared to satisfy the rapidly growing demand for telephone and other telecommunication services. All service expansion projects require a great deal of investment, and TOT is unable to come up with the money. Still, union leaders at TOT oppose involving private investors in the projects. They would rather have us wait months before a faulty line is fixed and years before a new line is installed.

Grumbles against privatization of rail services can also be heard frequently at meeting of the unions of the State Railway of Thailand [SRT]. But the SRT happens to be one of the state enterprises with the largest operating losses, and private interest is not high even though the government would be more than happy to let private investors take over part of the enterprise's operations.

General Thienchai faces the daunting task of negotiating with the belligerent port union leaders, who seem to entertain the dangerous and false notion that they have the support of all the political elements opposing the [Prime Minister] Chatchai administration.

Politicking aside, privatization is justifiable on its own merits. General Thienchai should stand firm on privatization, or otherwise all state enterprise unions will following the dockworkers in trying to bring the government to its knees.

Vietnam

U.S., SRV Groups Hold 'Secret' Meeting

BK1402094390 Jakarta ANTARA in English 0910 GMT 14 Feb 90

[Text] Denpasar, Feb 14 (OANA/ANTARA)—A secret meeting between US and Vietnam delegations started at Nusa Dua, Bali, on Wednesday [14 February]. Among the 17 members of the US delegation were Senators Dick Clark and Charles Robb.

The 12-member Vietnamese delegation was led by [Vice Foreign Minister] Nguyen Dy Nien and flanked by interpreter Nguyen Thi Kim Chi.

Diane Anello who was in charge with travel arrangements of the US delegation, declined to give any information about the meeting.

A member of the US delegation and sources at the hotel where the meeting took place, disclosed that the unofficial meeting between the two delegations covered among other things the Cambodian problem and US troops missing in action (MIAs) in Vietnam.

Supreme Soviet Delegation Concludes Visit

BK1302152890 Hanoi Domestic Service in Vietnamese 1430 GMT 13 Feb 90

[Text] The USSR Supreme Soviet delegation led by Comrade Usmanov left Ho Chi Minh City on the afternoon of 13 February, successfully concluding its official friendship visit to Vietnam.

Seeing the delegation off at the Tan Son Nhut airport were Comrades Vu Mao, member of the party Central Committee and head of the Office of the National Assembly and Council of State; and Le Khac Binh, chairman of the Ho Chi Minh City People's Committee. Also present was Soviet Ambassador Kachin.

During its stay in the city, the delegation visited the Ho Ho Minh memorial complex at Nha Rong and a leather-for-export tailoring enterprise and toured the Vung Tau-Con Dao special zone and the Vietnam-USSR Oil and Gas Enterprise. It was received by the chairmen of the people's committees of Ho Chi Minh City and Vung Tau-Con Dao special zone.

Press Release on Visit

BK1302154490 Hanoi VNA in English 1504 GMT 13 Feb 90

[Text] Hanoi VNA Feb. 13—Following are excerpts from the press release on the Vietnam visit by a delegation of the Supreme Soviet of the USSR:

At the invitation of the National Assembly of the Socialist Republic of Vietnam, a delegation of the Supreme Soviet of the USSR led by G.I. Usmanov, people's deputy of the Soviet Union and secretary of the Communist Party of the Soviet Union Central Committee, paid an official friendship visit to Vietnam from Feb. 9-13, 1990.

The delegation was cordially received by Nguyen Van Linh, general secretary of the Communist Party of Vietnam [CPV] Central Committee, and Vo Chi Cong, president of the State Council. Chairman of the National Assembly Le Quang Dao received and feted the delegation.

A delegation of the Vietnamese National Assembly led by Vu Oanh, secretary of the party Central Committee and National Assembly deputy, held talks with the delegation of the Supreme Soviet of the USSR led by G.I. Usmanov.

The Vietnamese side expresses its belief that the Communist Party and people of the Soviet Union, with their 70 years of glorious revolutionary traditions will overcome all trials and difficulties, successfully carry out perestroyka, bring a new strength to the Soviet Union, raise the position and role of the world's first socialist state, thus making positive preparations for the upcoming 28th CPSU Congress.

The Soviet side welcomes the Vietnamese people's achievements in implementing the renovation policy set forth at the 6th CPV Congress and wishes the Communist Party and people of Vietnam new achievements in the renovation process in order to stabilize the situation in all fields and further advance the country.

The Vietnamese side sincerely thanks the Communist Party, the state and fraternal people of the Soviet Union for their precious and effective support and assistance to the Vietnamese people's revolutionary cause over the past 40 years.

The Soviet side reaffirms its support, assistance and cooperation with Vietnam in implementing the economic, political and social targets set by the Communist Party of Vietnam for the renovation period.

The two sides reaffirm their determination to increase the efficiency of Vietnamese-Soviet cooperation in all fields in conformity with the agreements reached between Nguyen Van Linh and Mikhail Gorbachev, to constantly consolidate and develop the friendship and multi-sided cooperation between the two parties and states.

While discussing international issues, the two sides express their satisfaction at the close and fruitful coordination between Vietnam and the Soviet Union and their two legislative bodies in the settlement of international and regional questions for the sake of peace, friendship and cooperation in Southeast Asia, the Asian-Pacific region and elsewhere in the world.

The Vietnamese side welcomes the results achieved in the implementation of the foreign policy set forth at the 27th Congress of the Communist Party of the Soviet Union aimed at reducing tension and the arms race and ensuring global peace and security.

The Soviet side acclaims and highly appreciates the completion of Vietnam's troop withdrawal from Cambodia.

Both sides support a political solution [for Cambodia] with the participation of the United Nations on the basis of respect for Cambodia's sovereignty and prevention of the recurrence of the genocidal Pol Pot regime in Cambodia.

The Soviet side fully supports and highly values Vietnam's tireless efforts to make Southeast Asia a zone of peace and cooperation, thus contributing to consolidating peace and security in Asia and the world as a whole.

On behalf of the USSR Supreme Soviet, the Soviet side invites a delegation of the Vietnam National Assembly to pay an official friendly visit to the Soviet Union. The Vietnamese side accepts the invitation with pleasure.

78 Voluntary Returnees Arrive From Hong Kong

BK1302154990 Hanoi VNA in English 1518 GMT 13 Feb 90

[Text] Hanoi VNA Feb. 13—Seventy-eight (78) Vietnamese who had illegally fled the country to Hong Kong voluntarily returned today at the Hanoi International Airport.

Most of the returnees are from Haiphong Port City and Quang Ninh Province.

So far, the Vietnamese Government has received 12 batches totalling 1,225 people.

More voluntary repatriates will return in the coming period.

Significance of Mandela Release Addressed

Committee Sends Greetings

BK1302042090 Hanoi VNA in English 1555 GMT 12 Feb 90

[Text] Hanoi VNA Feb 12—The Vietnam AAPSO [Afro-Asian Peoples Solidarity Organization] committee today extended its warmest congratulations to the African National Congress (ANC) on Pretoria's release of leader Nelson Mandela.

The message reads:

"Nelson Mandela's release is a success of historic significance of the South African people in their heroic, long struggle under ANC leadership against apartheid. It is also the gain of the common struggle of humanity for peace, independence, freedom, democracy and social progress.

"We wish the ANC and the South African people as a whole still greater successes in their fight for a free, democratic, non-racist South Africa."

Paper Hails Freedom

BK1302085990 Hanoi VNA in English 0628 GMT 13 Feb 90

[Text] Hanoi VNA Feb. 13—NHAN DAN today says that the entire Vietnamese people greatly rejoice at Nelson Mandela's release and share the joy of success with the South African people and the African National Congress (A.N.C.).

The paper says :

"This is an important success of the South African people and of the forces of peace, freedom and justice in all continents.

"Mandela's exemplary heroism has encouraged and will encourage people throughout the African continent to overcome all difficulties and continue their struggle to abolish the Apartheid regime, build a new society in freedom, democracy and equality, and in the immediate future to demand the release of all political prisoners, lift the emergency law and end all repressive and terrorist acts against Africans."

Vinh Phu, Soviets Mark Diplomatic Anniversary

BK1102154890 Hanoi VNA in English 1511 GMT 11 Feb 90

[Text] Hanoi VNA Feb. 11—The party committee, the people's council and the people's committee of Vinh Phu Province, 85 km north of Hanoi, have organized a get-together with Soviet experts working in the province on the occasion of the 40th anniversary of the establishment of the diplomatic relations between Vietnam and the Soviet Union as well as other socialist countries.

Bui Huu Hai, deputy secretary of provincial party committee and chairman of the people's committee, expressed his thanks to the Soviet Union, especially Soviet experts, for their great and effective assistance.

Hun Sen Receives Vietnamese, Lao Diplomats

BK1202164090 Hanoi VNA in English 1519 GMT 12 Feb 90

[Text] Hanoi VNA February 12—Chairman of Cambodia's Council of Ministers Hun Sen received in Phnom Penh this morning Dinh Nho Liem and Soulivong, first deputy foreign ministers of Vietnam and Laos respectively, who attended a conference of Indochinese deputy foreign ministers held in the Cambodian capital on February 10-11.

The Vietnamese and Lao diplomats informed Hun Sen of the results of the conference and the three delegations' unanimous assessment of the latest developments in the region and the Indochinese countries' stance in the forthcoming Jakarta informal meeting.

Hun Sen welcomed the success of the conference. He expressed his hope that all participants in the coming Jakarta meeting, first of all the co-chairmen of the Paris international conference on Cambodia—Indonesia and France—would do their best for the success of the meeting, bringing into full play the role of Southeast Asia in seeking an equitable and reasonable political solution to the Cambodian problem in the interests of the Cambodian people and of all countries in the region, and in comformity with the aspirations of the people in the world.

Responsible ASEAN Role in Cambodia Desired

BK1202085490 Hong Kong AFP in English 0820 GMT 12 Feb 90

[Text] Hanoi, Feb 12 (AFP)—Vietnam called Monday [12 February] for non-communist Southeast Asia to play a "responsible" role in the Cambodian settlement, just two weeks before a crucial regional conference on the war-torn nation is to start in Jakarta.

The state-run daily NHAN DAN said a political solution to the Cambodia conflict required the six-nation Association of Southeast Asian Nations (ASEAN) to play a "responsible role" in achieving a settlement to the civil war.

ASEAN groups Indonesia, which will host the upcoming talks, with Brunei, Malaysia, the Philippines, Singapore and Thailand. Bangkok and Singapore are among the Cambodian resistance's top backers.

The ASEAN nations have been invited to the conference, along with Vietnam, Laos, Australia, France and the four warring Cambodian factions.

The official Communist party newspaper stressed in a commentary that "internal Cambodian affairs should be solved by the representatives of the two governments of Cambodia."

The two are the Hanoi-installed government in Phnom Penh and the U.N.-seated Cambodian resistance coalition government.

"It is a positive element that there is a trend towards overcoming obstacles of the Paris conference" which ended in stalemate last August, the paper said.

It said that the trend was towards "putting aside temporary problems to attain the dismantling of the two governments and the formation of a four-party coalition government ahead of general elections."

The tripartite Cambodian resistance is dominated by the Marxist Khmer Rouge and includes backers of the former Cambodian monarch, Prince Norodom Sihanouk, and those of former Premier Son Sann.

It has said dissolving the Phnom Penh government and forming a provisional government joining the four warring factions is a prerequisite for a political solution in Cambodia.

The paper said that at the Jakarta meeting, set for February 26-28, "the factions must leave to the side these temporary obstacles to resolve the problem of holding free and fair general elections."

The elections are in line with an Australian peace proposal which calls for a U.N. interim adminstration in Cambodia.

"During the transition period, the United Nations should leave vacant the seat of Cambodia," the paper said, adding that the U.N. action must be taken "on the basis of respect of sovereignty and non-interference in the internal affairs of Cambodia, under whichever form."

It also demanded conditions that would "permit the people of Cambodia to realize their right of self-determination and prevent the return of a Khmer Rouge regime of genocide."

The Khmer Rouge is blamed for the deaths of hundreds of thousands of Cambodian civilians during their near four-year reign which was ended by a Vietnamese invasion in December 1978.

The paper also criticized the escalation of fighting since Hanoi's final troop pullout from Cambodia last September.

Vo Van Kiet Activities at Swiss Economic Forum

BK1302090790 Hanoi Domestic Service in Vietnamese 0015 GMT 13 Feb 90

[Excerpt] [Passage omitted] This year, the World Economic Forum [WEF] held a symposium under the general theme: "Competition and Cooperation in a Turbulent Decade." Attending the symposium were more than 1,000 politicians and representatives of business circles throughout the world, including representatives from CEMA member countries: The Soviet Union, Czechoslovakia, Poland, Hungary, Bulgaria, the GDR, and Vietnam.

This is the first time that Vietnam attended the symposium, which was held in Davos, Switzerland. The Vietnamese delegation attended all plenary sessions and met with businessmen from many countries. During the symposium, SRV Council of Ministers Vice-Chairman Vo Van Kiet worked with Professor Klaus Schwab, founder and president of the WEF and Mr. Raymond Barre, former French prime minister and co-chairman of this year's session. Vice-Chairman Vo Van Kiet also met with the Swiss foreign minister to exchange views on bilateral cooperation, and with Singaporean Prime Minister Lee Kuan Yew to discuss economic relations between the two countries and in the region.

The WEF organized a special session on Vietnam for noted businessmen from various countries on 6 February. At the session, Vice-Chairman Vo Van Kiet delivered a speech presenting our party's and state's lines and policies on renovating the economic and management structures and Vietnam's foreign economic relations, reviewing important achievements scored during the two-year implementation of the renovation and affirming Vietnam's determination to continue its renovation orientations.

Comrade Vo Van Kiet stressed: Vietnam, a nation which has undergone many years of war for national independence, is facing setbacks in economic development and desires peace like other world nations. Implementing our policy of openness, Vietnam advocates broadening the exchange of goods, cooperation, and investment with all economic organizations and states of goodwill without discrimination of political systems and on the basis of equality, mutual benefit, and diversified economic relations. Vietnam will strive to participate more extensively in the international division of labor and will take an active part in the regional and world markets. We sincerely wish to establish trade relations with friendly countries around the world, especially with those in the East and Southeast Asia and the Pacific.

Comrade Vo Van Kiet said: The policy of encirclement and embargo against Vietnam was unjust to the Vietnamese people. Today, I want to affirm, once again, our nation's definite intention to let bygones be bygones in order to look forward. We are ready to normalize relations with the United States and we have, on many occasions, explained this. We also want to affirm and

express our wish to resume traditional neighborly relations with China and the fraternal Chinese people. Let us hope that the 90's—the last decade of the 20th century—will become a decade of friendship and international cooperation.

Vice-Chairman Vo Van Kiet answered questions by businessmen attending the symposium on the subject of Vietnam's foreign investment law, priority projects for which Vietnam needs foreign investments, and the Cambodian problem.

On 6 February, the Vietnam delegation held a press conference in Davos which was attended by many representatives of major news agencies and newspapers from around the world. Comrade Vo Van Kiet expounded the Vietnamese delegation's elation in attending, for the first time, a symposium organized by the WEF, and reviewed achievements scored by the delegation during the symposium. Many newsmen's questions on regional economic and political issues were clearly answered.

During his stay in Davos as well as during his stopover in Geneva, Vice-Chairman Vo Van Kiet received many overseas Vietnamese and foreign businessmen to exchange views on concrete issues related to trade cooperation with and investment in Vietnam. Through these meetings, our party's and state's unswerving stance on broadening foreign economic relations and Vietnam's policies on strengthening this task were clearly asserted. Many outstanding subjects were pointed out to help businessmen get a better understanding, thereby contributing to creating favorable conditions for developing economic relations between Vietnam and foreign countries in the days ahead.

NHAN DAN Marks Party's 60th Anniversary

BK0302052590 Hanoi Domestic Service in Vietnamese 2300 GMT 2 Feb 90

[Text] To mark the 60th anniversary of the founding of the glorious party [Communist Party of Vietnam], NHAN DAN today carries an editorial entitled: Six Decades of Struggle, 60 Springs of Glory. The editorial reads in part:

Our party is a vanguard political brigade of the entire society. In its process of revolutionary leadership, there have been times when the party committed serious mistakes and shortcomings, and there have been mistakes and shortcomings leading to serious damage. What is important is that the party has had the courage to look squarely at the truth by openly criticizing itself and admitting its shortcomings before the people. Our party did this at the sixth party congress, as it did previously when it committed mistakes in land reform and organizational rectification.

Openly admitting and boldly correcting mistakes—as Comrade General Secretary Nguyen Van Linh put it—are the signs of a strong party with full revolutionary and vanguard characters, which knows how to maintain confidence in itself and in the people.

Initial results obtained in the renovation undertaking since the sixth party congress in economic reform, in democratizing social life, and in organizing and operating methods of the political system show that what our party has said and done are correct. We are determined to persist in the renovation undertaking.

The editorial goes on: Socialism is the path chosen by Uncle Ho and by our party and people. We must persist on this path. To make the renovation of socialism a success, our party must strive to renovate itself and its leadership so it will always deserve to be a vanguard brigade of the working class and the nation.

The party must constantly improve and perfect its leadership, improve its abilities, and renovate its leadership attitude toward the state and the mass-proselytizing task. The party must do everything it can to overcome the ills of bureaucracy and alienation from the masses, which is a great catastrophe for a party that leads the administration.

The party must bring socialist democracy into full play—including democracy within the party and in society—and strengthen the vital relations between the party and the people.

The party must always maintain the unity and unanimity within the party on the basis of correct lines and policies; firmly maintain principles governing party activities; guard against individualism and opportunism in all forms; constantly cultivate and improve the class and vanguard character of party members; and improve the quality and ethics of communists.

Song Be Party Committee Directs Political Drive

BK1302075390 Hanoi Domestic Service in Vietnamese 1430 GMT 12 Feb 90

[Text] On the occasion of the party's 60th founding anniversary, the standing committee of the Song Be provincial party committee has provided guidance for conducting a political drive in all party organizations and mass organizations of the united front to solicit views on the party's mass motivation task, considering it a major political action drive.

Through this drive, each basic party organization, chapter, and member will examine the relationship between the party and the people in order to develop good points, remedy shortcomings, and satisfactorily perform the mass motivation task, creating a close relationship between the party and the masses.

All party organizations, cadres, and members, and all mass organizations in the united front will contribute their views evaluating the results of implementing guidelines and policies of the party and state in the recent past. Each party base, each cadre, and each party member will conduct self-criticism to scrupulously examine errors in

leadership and cadre organization tasks and in other tasks related to party members, paying particular attention to the party's mass motivation task and the relationship between the party, the state, and the people.

Institute Chief Discusses Party Renovation

BK0902164690 Hanoi VNA in English 1337 GMT 9 Feb 90

[Quotation marks as received]

[Text] Hanoi VNA Feb. 9—The renovation carried out by the Communist Party of Vietnam is the renovation based on principles, says Nguyen Duc Binh, member of the Communist Party of Vietnam Central Committee and director of the Nguyen Ai Quoc Institute.

In an article published by NHAN DAN on Feb. 5 and 6, Nguyen Duc Binh wrote: Renovation has been for some time now the talk everywhere and everyone has seen the necessity of renovation. Even some sceptics who at first were afraid of losing socialism and the revolutionary gains now have seen the imperative need to renovate. That is not only because the old and ineffective economic management has become unacceptable but also and most of all because the new mechanism has demonstrated its viability and efficacity in our daily life.

Reality has definitively rejected many concepts still considered sacred and inviolable not long ago.

"But renovation under our party's leadership is renovation based on principles. It cannot be different. Party General Secretary Nguyen Van Linh has said: "Nothing is more harmful and dangerous than wavering and committing mistakes on issues of fundamental principles." Renovation does not mean to abolish the objectives of socialism; instead it is intended to reach these objectives by the road and according to formulas, measures and steps suited to the law of development.

"We must fight all attempts to reconsider the fundamental issues and the objectives and the road we have chosen, to negate the values which have become historic truths, values created by the blood, sweat and tears of generation after generation of Vietnamese without which we would not have the present Vietnam and would have nothing to renovate or even to discuss.

But, we must not confuse the principles with conservatism, dogmatism and sclerosis of mind. Inversely. We must not first of all, [as received] we must rationally solve the relations between economic and political renovation. In the first stage of renovation, our party is focusing efforts on economic renovation to liberate the productive forces and make better use of all potentials of society in order to produce much more commodities to meet the immediate needs of the population. Only by bringing to the masses practical interests, first of all by improving their living standard, can we sow in them the confidence in the renovation cause.

However, that does not mean political renovation would be effected only after the economic renovation has been accomplished. We cannot effect economic renovation without renovating politics at the same time. The point is how to renovate politics on such a scale and in such a step as to create the prerequisite for economic renovation in each step and also to avoid political disorder which would impede economic renovation. In the practice of our country, political renovation should be done in measured steps, we should renovate anything that needs to be renovated immediately such as the method and style of leadership of the party, in the abolition of negativism, bureaucratism, commandism and violation of the people's right to mastery, enhancing democracy within the party in the preparations and adoption of party resolutions and personnel work, step by step amending the election procedures, improving the mode of activity of the elected bodies, renovating and democratizing the mass media, art and literature activities, applying severe sanctions against all acts of bullying the masses, corruption, etc.

Political renovation needs time and careful preparations. We should not forget that we are living in a society and a world where classes and class struggle still remain. If political renovation is done without careful preparations, it would cause political instability which in turn would obstruct economic renovation especially when the achievements in the latter are not yet stable.

However, all that could not and should be [as received] used as a pretext to refuse, neglect or obstruct political renovation.

Facts have shown that refusal or deliberate delay of political renovation will cost dearly even when the population's economic life is not so bad.

One thing should be added: Whether political or economic, renovation must be done step by step, and all tendency to hastiness must be avoided. Nothing is more damaging to the people's confidence than carelessly-prepared steps with beautiful promises which finally lead to failure. We must not harbour any illusion nor create illusions among the people. Renovation is a difficult and complex work that takes many years, even many decades.

It is understandable that the people often want to see immediate results. The opportunists and demagogues used to capitalize on this state of mind to further their hidden objectives which have nothing in common with the people's interests. So, the struggle against conservatism and inertia must go along with that against overhastiness, voluntarism, and demagogy.

Together with economic reforms, democratization is one of the most important aspects of our renovation.

Democratization in our country has already got some initial results, first of all in the economy. With the policy on a multi-sectoral economy, the contract quota system in agriculture, the allocation of forests and forest lands to

farmers through the granting of automony in production and business to factories and enterprises, the application of a system of a unified market and uniform price and the principle of non-imposition in buying and selling, the lifting of the many impediments in business transactions, the production establishments and working people have seen their right of mastery in economic management and production considerably enhanced. Economic democratization is the focal point in the party's policy on social democratization.

Democracy cannot be conceived out of its class contents in the concrete conditions of our history, democracy for the working people, the working class, the peasants and intellectuals. Other classes, including the patriotic capitalists are also part of the population who enjoy the same citizens' rights as others, must have their democratic rights protected by law.

But democracy is not synonymous with anarchy or freedom to do what one wants to. Socialist democracy is opposite to bureaucraticism and despotism on the one hand and to bourgeois democracy and petty-bourgeois anarchy on the other. In a country like ours which is characterized by a small-scale economy mostly run by small producers, the struggle against the anarchist tendency of the petty bourgeoisie should not be made light of.

Our party calls for relying on the people but this does not mean demagogy nor tailing after any demands of some people segments of the population who, for one reason or another, have not quite understood the aim of renovation and often complain and criticize more than renovate themselves and contribute to renovation.

The party is the initiator and leader of our renovation. No other political force but our party can assume this role.

A party which has undergone untold trials and hardships and is historically bound to the people by blood-and-flesh relations, which has always cared for the interests of the working class and all toiling people and the nation as a whole, such a party is now courageously making self-criticism aimed at overcoming shortcomings and mistakes and raising its capacity of leadership and renovating its leadership. Such a party is fully capable of assuming its mission as the political leader of society and of the nation without the need of any other force acting as counter-weight.

It is true that arbitrariness and autocracy remain in not a few localities and services and at various echelons of power. These shortcomings must be corrected. However, this is not, as some people claim, the inevitable result of a single-party system. Should somebody demand "renovation" by lowering or abolishing the party's leadership, he would be rebuffed by the people and history itself. The party has been born out of the people's demands and the people need the party like a boat needs a helmsman. The party lives among the people. It is subject to the people's surpervision, not standing above the people. The party is the leading nucleus and the whole power must belong to the people. Whether this can be achieved or not and to what extent it is achieved is a basic criterion to judge the capacity and leadership of the party. A strong people's power and a strong state power are not only clear indicators of the strength of the party but also the basic guarantee for the strength and leadership of the party.

"The party's leading role is assured not by statements but by deeds and its real capacity for meeting the challenge of history and the people's aspiration and interests. That role is decided first of all by the party's capacity for putting forth a correct political line to rally broad masses of the population around it in the struggle for the objectives of the revolution and renovation.

Experience of the many past decades shows that the party's leading role is decided primarily by to what extent the principle of democratic centralism in the party has been observed. As a revolutionary fighting organization, the party must really be a monolithic bloc in thought and in deeds. That unity can be achieved only on the basis of a correct and democratic political line coupled with iron (self-imposed) discipline. Some people claim that such a discipline and unity was necessary only in the time of revolutionary struggle to seize power, that it is necessary to change this rigid system of democratic centralism because it has become outdated. Such concept is absolutely unacceptable. If it is accepted the party shall disintegrate.

Our party from the centre to the grassroots must strive much to learn to practise democracy, to learn the way of leading in the conditions of the democratization of the whole social life. This is a hard job which is partly because our society lacks a democratic tradition. But our party is determined to succeed in this harsh trial. If not, it will not be able to fulfill its tasks.

Delegates Briefed on 6th National Assembly

BK1202062690 Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 14 Jan 90 PP 1, 4

[Text] On the morning of 13 January, 200 delegates or so of the city voters gathered in Friendship House to listen to the city national assembly deputies report on the outcome of the sixth national assembly session. Twenty of the city's 35 deputies attended the briefing. They were Nguyen Vinh Nghiep, Ly Chanh Trung, Mai Van Bay, Lu Minh Chau, bonze Thich Minh Chau, priest Phan Khac Tu, Nguyen Ngoc Ha, Huynh Van Hoang, Le Thi Kim Khanh, Nguyen Thi Ngoc Phuong, Nguyen Hieu Liem, Pham Phuong, Brigadier General Nguyen Rang, Nguyen Thi Mai Thanh, Nguyen Anh Tuyet, Nguyen Quyen Sinh, Nguyen Van Tu, Nguyen Khai, Ha Tang, and Nguyen Xuan Oanh.

Comrade Nguyen Vinh Nghiep, head of the city's national assembly delegation, pointed out the new

changes made during the session, stressing that the greatest success was the national assembly resolution to continue the renovation of the country, resolutely eliminate the bureaucratic system of subsidies, establish the economic planning mechanism linked to markets and, particularly, renovate the party leadership over the national assembly as specified in Comrade Vo Chi Cong's address. As regards the Law on the Press, he reported that the city's national assembly delegation had presented all the voters' petitions for postponing the passage of the bill. However, the majority of deputies had voted for the passage in accordance with the principle of democratic centralization.

Ten of the voters' delegates aired their views and questioned the city's national assembly deputies. Many of the delegates pointed out the cases of negativism which have not been satisfactorily settled due to the failure to enforce the law strictly. Some of the delegates raised questions about the Foreign Economic Relations Ministry's debts of tens of billions of dong to the rubber plantation sector, the inspection of the TOCONTAP [expansion unknown] detachment in the city, the low prices of ordered exports, the repair of roads by the communications and transportation sector, and the negative cases in the civil aviation sector. With respect to the Law on the Press, some of the voters proposed that the national assembly should continue to follow up and examine the practical implementation of the law.

Comrade Nguyen Vinh Nghiep accepted the proposals of the voters' delegates and said he would forward them to the responsible agencies for action.

Army Political Conference Examines 1990 Tasks

BK1302082390 Hanoi Domestic Service in Vietnamese 1400 GMT 12 Feb 90

[Text] QUAN DOI NHAN DAN reports that the General Political Department recently held a conference of all army political cadres to discuss and thoroughly understand the resolution of the party Central Committee's Military Commission on the 1990 defense duties and directives on the party and political tasks, and other main duties and tasks of the General Political Department in 1990.

Working procedures were renovated in this conference to allow the participants to focus directly on studying resolutions and directives in close relation with the general situation and the specific situation of units, and to prepare their subjects for discussion.

The conferees devoted a great deal of time to animated and frank debate, clearly pointing out what had been unanimously agreed upon and evaluated by higher echelons and what needed to be supplemented and emphasized, creating an atmosphere of open and direct dialogue with the General Political Department head.

All the views presented agreed unanimously with the assessment of the international and domestic situation, the very encouraging initial changes in our country's socioeconomic situation as well as the 1989 achievements in national defense in general and in the party and political tasks in particular, and the shortcomings and outstanding problems mentioned in the party Central Committee's Military Commission resolution and the General Political Department directive. At the same time, the conferees also analyzed and further clarified the good points and, particularly, the acute weaknesses and shortcomings in units such as negligence of ideological tasks and failure to combine ideological tasks closely with organizational and policy-making tasks.

With respect to the party and political tasks, all the political cadres concurred with the need to emphasize the importance of the ideological task in the present situation, and wished for the party Central Committee's Military Commission and the General Political Department to concentrate on providing timely and alert guidance for correctly orienting the knowledge of troops, thus creating conditions for troops to concentrate on building strong, firm, and politically healthy armed forces, and to serve as a basis on which to enhance the overall quality of our army, ensuring that it can remain stable and consistent in all complicated changing situations and resolutely protect the party, Marxism-Leninism, the country and the socialist regime as specified in the party Central Committee's Military Commission resolution.

Australia

Further Reportage on Visit of Soviet's Ryzhkov

Hawke, Ryzhkov Discuss Issues

BK1402105390 Hong Kong AFP in English 1042 GMT 14 Feb 90

[Text] Canberra, Feb 14 (AFP)—Sweeping changes in the Soviet Union, the search for peace in Cambodia and economic issues dominated talks here Wednesday [14 February] between visiting Soviet Prime Minister Nikolay Ryzhkov and the Australian Government.

Mr. Ryzhkov, who arrived here on the second day of his three day official visit, met Prime Minister Bob Hawke for two hours, before lunching with key businessmen and delivering a wide-ranging address to the Australia-USSR Business Council.

The red Soviet flag flew for the first time in the streets of Canberra to mark the state visit by the chairman of the Council of Ministers, the most senior person from Moscow to come here.

While economic issues were at the top of Mr. Ryzhkov's agenda, Mr. Hawke sought a detailed briefing on Eastern Europe and the changing face of Moscow as Soviet leader Mikhail Gorbachev sweeps on with reform.

Developments in Cambodia, particularly in light of an Australian peace plan for the war-torn country, as well as the changing Soviet stance in the region also featured in the dialogue, conducted through interpreters.

Mr. Hawke hosted a lunch for Mr. Ryzhkov with key businessmen, including TNT Ltd. managing director Sir Peter Abels, BHP Ltd. chairman Sir Arvi Parbo, small-goods manufacturer Victor Smorgan, CRA Ltd. chief executive John Ralph and Australia's richest man Kerry Packer.

The Soviet prime minister then addressed a gathering of businessmen to encourage joint venture investment, explaining major economic reforms under way in the Soviet Union, including steps to make the ruble an acceptable currency to the world. Officials said that six agreements, due to have been signed Wednesday, were rescheduled for signature Thursday.

Soviet officials said there were small "technical problems" with the fishing-trade deal. But the Australians said the delay was because Mr. Ryzhkov had a fever and needed to rest. The fishing-trade agreement opens Australian ports to the Soviets' southern ocean fishing fleet in return for guarantees on imports of Australian commodities.

The Soviets will be allowed to use ports in southern Australia for reprovisioning and repairs and Aeroflot will be able to land charters for crew changeovers in return for an agreement to take specific Australian commodity imports.

Other agreements cover human contact, allowing more Soviets to join their families in Australia, a consular accord and pacts on the peaceful use of nuclear energy and the environment.

Mr. Ryzhkov, in his talks with Mr. Hawke, gave Soviet support to Australian and French efforts to protect the Antarctic wilderness.

Mr. Hawke said he gave Australia's support to the process of change underway in the Soviet Union and offered backing for economic reform.

A high-level team from the government and private sectors with expertise in food processing, handling and transportation would go to the Soviet Union later in the year.

Mr. Ryzhkov said through an interpreter that he tried to be "as detailed as possible in providing a description of the positive and negative aspects of the current situation in the Soviet Union."

"We are going through a very complicated period in our reform process," Mr. Ryzhkov said. "We have come to a point that we have to implement fully the reforms that we announced in the past and we know we have to go through that difficult period," he said.

Mr. Ryzhkov gave Mr. Hawke Moscow's support for Australian initiatives to bring an end to the Cambodian conflict.

Australian Foreign Minister Gareth Evans has proposed the replacement of the Hun Sen regime with a United Nations administration to open the way for free elections.

Soviet Deputy Foreign Minister Igor Rogachev, who is travelling with the prime minister, has been a key player in fostering Australia's peace plan for Cambodia. Mr. Evans and Mr. Rogachev held talks late Wednesday on Cambodia, which Australian officials described as "very helpful."

Ryzhkov Interviewed on Trade

BK1402083590 Melbourne Overseas Service in English 0600 GMT 14 Feb 90

[From the "International Report" program]

[Text] The Soviet prime minister, Mr. Nikolay Ryzhkov, says that closer economic relations with countries like Australia is a key objective of Soviet economic restructuring. Mr. Ryzhkov, who is on his first visit to Australia, has already toured a major food distribution center and is expected to sign several export agreements over the next few days, as Ian Mannix reports:

[Begin recording] [Mannix] In an untranslated speech to about 150 guests at a state dinner in Melbourne, the Soviet prime minister warmly welcomed what he said was Australia's sympathy and understanding towards

perestroyka—a restructuring, he said, would democratize Soviet society and develop a new federalism there.

Mr Ryzhkov said that the Soviet Union's participation in the world division of labor is part and parcel of the perestroyka program. Today, the delegation is in Canberra where trade matters dominate the agenda.

Vadim Kuznetsov, the second in charge of the embassy in Canberra, says Australia might be able to trade with the Soviet Union despite huge subsidies for agricultural products coming from the EEC and the U.S.A.

[Kuznetsov] Yes, there is a little problem there, because costwise, Australian grain—wheat in particular—is rather expensive as far as the world market price is concerned. So, we are talking about a deal here where you sell us at the minimum price you can sell, and we are buying from you at the maximum price we can pay.

[Mannix] And there is some way to come up with the deal?

[Kuznetsov] Well, under the commodities agreement that is going to be signed during this visit, we are taking upon ourselves an obligation to purchase certain fixed amounts of (?cereals) within the next 2 or 3 years.

[Mannix] And that will lead to further trade, do you think?

[Kuznetsov] Sure, it is just part of the picture, because we are aiming for a diversified trade relationship with Australia—both buying and selling, of course, because, you know, we cannot buy just all the time, we have to sell something—joint venture which is a new form of economic relationship. We are talking about some really big projects like, let's say, building a mine here in Australia and another mine in the Soviet Union and see how we can jointly operate selling about the same product but to other countries—third countries. Another interesting project is production with Australian technology and experience and production at a Soviet factory of some parts of shearing equipment, like cutters; another thing, some automobile parts.

[Mannix] Why are there queues of people in the Soviet Union when Australia, America, and the EEC have plenty of agricultural produce to sell to the Soviet Union?

[Kuznetsov] The major thing is that the system does not work—it did not work properly—it does not work. And this is why all the changes, all the reforms, and perestroyka, and so on. It will take some time but I am sure that under the leadership of President Gorbachev we are going to succeed.

[Mannix] If Mr. Gorbachev is not there will it succeed?

[Kuznetsov] I am sure he will be there. It is an old Marxist notion—it is a historical necessity that we must have a person like Gorbachev. [end recording]

Ryzhkov on Restructuring Economy

BK1402092390 Hong Kong AFP in English 0916 GMT 14 Feb 90

[By Tim Cribb]

[Text] Canberra, Feb 14 (AFP)—Soviet Prime Minister Nikolay Ryzhkov said here Wednesday [14 February] that Moscow had got its post-war economic policy wrong and was undertaking a total reform to improve the ruble's image on the world stage by the year 2000. "The whole economy has to be reformed," Mr. Ryzhkov, chairman of the Soviet Council of Ministers and number two in terms of power to President Mikhail Gorbachev, told businessmen.

Moscow's post-World War II theory of two markets, capitalism and communism, had led to isolation, with the two unable to integrate, he said. "It's a difficult time for our country," he said through an interpreter. "We are changing from one social order to a different type of social order."

Central to Moscow's new economic policy was to make the ruble a convertible currency—and consequently acceptable in international trade so as to entice foreign investment—through the establishment of world prices for Soviet production, he said. "We have a non-convertible currency at the moment," said Mr. Ryzhkov, who is on the second day of a three day official visit to Australia. "For it to be convertible we have to have the material base, a resource base," he said. "We have to have world prices functioning in our country."

Mr. Ryzhkov said that Moscow believed it would have price reform in place by next year and a start had already been made on the buying price paid to producers for agricultural goods so the Soviet Union could deal in world markets. However, experience had shown that it took 10-15 years for a country to convert from one pricing structure to another, Mr. Ryzhkov said.

Mr. Ryzhkov said that the Soviet economy operated on domestic prices, which were "unrealistic (and) do not relate to real costs."

He explained that after World War II the Soviet Union developed an economic theory of two markets—one the capitalist market of the West and the other the socialist market of the Soviet Union and its satellites. But the two markets were isolated and it had not been possible to integrate them, he said.

The thrust of Mr. Ryzhkov's comments in his address to the Australia-USSR Business Council was that the Soviet economy under perestroyka (restructuring) was being reformed and more joint-ventures—some 1,400 currently—were needed. "When we establish a joint venture...we are trying to find a flexible form for them to function in an efficient manner," Mr. Ryzhkov said.

At the moment investment was being obstructed because produce must be either sold in other countries as exports

or the foreign partner must buy other goods in the Soviet Union. "We are hoping that the ruble will be convertible in the future and we know that there will be no such block to the establishment of joint ventures," Mr. Ryzhkov said, although he admitted he did not know when that convertibility would be possible.

Mr. Ryzhkov said that it was not possible for the Soviet Union to immediately adopt world prices. For instance, such a move would force the closure of the entire chemical industry or require government subsidy, he said.

But an experiment had begun in the Comecon countries of Eastern Europe to take advantage of increasing trade with the West. Mr. Ryzhkov said that in Comecon, where a convertible ruble already existed, there was no stimulus for firms to trade because once paid "they can't buy anything with these rubles."

In the Bulgarian capital Sofia at the beginning of the year the prime ministers of Eastern Europe's communist countries decided that from 1991 "we would be able to have a convertible currency in place and world market prices in operation." But the task was expected to be "extremely difficult" and it would probably be three or more years before the structure was set in place and operating normally, Mr. Ryyzhkov said.

"It is the same step we are taking in order to integrate into the world economy," he said, adding that Eastern and Western Europe were already integrating. The focus of his visit has been economic, aimed at encouraging investment in his country.

Mr. Ryzhkov said the Soviet Union was well placed to be competitive in such areas as electric energy generation, metallurgy and mining. He said that there were major opportunities in the tourism industry, particularly in the Soviet Far East, a region with much to offer Asia and the Pacific.

Although relations with Japan were "cool ... quite stagnant" at this stage, steps were being taken to improve the situation between Moscow and Tokyo.

Mr. Ryzhkov said that Moscow had been examining for the past two years the question of establishing special economic zones to encourage foreign investment. An economic zone was being established near Leningrad as "an experiment" with Finland.

"We are looking at economic zones on the Pacific coast in the Soviet Far East, but we haven't decided one way or another, yet," he said. "We don't like the Chinese model, quite frankly, and for that reason we are looking at other avenues so that the economic zones would not have to be a foreign body in our country," he said.

Public sensitivity meant that forms of global cooperation had to be politically acceptable, Mr. Ryzhkov said.

Illness Delays Further Activities

BK1402025890 Melbourne Overseas Service in English 0100 GMT 14 Feb 90

[Text] The signing of the important trade agreements between Australia and the Soviet Union has been delayed due to the illness of the visiting Soviet prime minister, Mr Nikolay Ryzhkov.

Mr Ryzhkov was to have signed the commodity and fishing agreements in Canberra today, but the formalities have now been rescheduled for tomorrow. The undisclosed illness has also forced the cancellation of talks between Mr Ryzhkov and Australian Government ministers. However, separate talks with the prime minister and opposition leader, Mr Peacock, will go ahead today.

Fiji

Army Stages 'Biggest' Maneuver Since Coup

BK1402094590 Melbourne Overseas Service in English 0803 GMT 14 Feb 90

[From the "International Report" program]

[Text] A big Army maneuver in Fiji overnight has been described as the biggest since the second coup in 1987. In capital the Suva, government buildings were cordoned off by soldiers wearing full battle dress, and roadblocks were set up at strategic locations. The maneuver comes just a month after coup leader and Army chief General Rabuka resigned his cabinet post to make way for a new civilian government. Here is our South Pacific correspondent, Jemimah Gareth.

[Begin recording] [Gareth] The exercise involved all military units based in Suva and covered the Suva and greater Suva area. Roadblocks were set up in the center of the capital and in the suburbs. More key points were located close to the university where much of the pro-democracy opposition is based and near the home of coup leader Gen. Rabuka.

By 2030 last night, government buildings were sealed off with barbed wire. The only notice of the maneuver was a small announcement on Radio Fiji. Krishna Datt, secretary general of the ousted Labor-National Federation party coalition, says many people were shocked by the unexpected military presence.

[Datt] The worse thing was (?the number of) phone calls that I got from citizens throughout the country, saying that they do not know what is happening—Is there any Army takeover? Have you taken precautions? Are you in hiding? Are you (?aware of) what's happening? So, there was a general spread of fear and apprehension throughout the night, and I think a lot of people felt very bad last night.

[Gareth] Why do you think there was little notice in the maneuver?

[Datt] Well, I guess this must be in keeping with the military maneuverings. I do not think that kind of strategy entails very long notice. Also people would have reacted to all this kind of thing. But Fiji is not supposed to be a military state. We get to be told every so often that we are not living in a military state, but then obviously people find that there is a great gap between this rhetoric we hear and what we see.

[Gareth] In January, Gen. Rabuka agreed to abide by an ultimatum from the prime minister that he choose between Army and politics. He decided to return to the barracks and promised that the military would take a back seat role. But since then, the general has made a number statements threatening trade unions and newspapers and warning that the Army will not tolerate attempts to destabilize the government.

A spokesman for the Army says the exercise was designed to test the military's preparedness for emergencies. Krishna Datt says they were intended to show that the military is ready to deal with its enemies.

[Datt] One cannot see things in isolation. I mean, it is the whole total philosophy of the military against the population and those sections of the population that are agitating for a free and democratic society. (?The maneuvering is) only designed to get the potential enemies. And in Fiji, [words indistinct] and for the Army, it is [words indistinct] to talk in terms of friends and enemies for them, because the enemies would be the coalition, the trade union movement, and pockets of people who are agitating for democracy.

[Gareth] A military spokesman said last night's maneuver was part of a series. He said the Army would conduct live firing exercises in the northwest of Fiji's main island on Friday [16 February] and general maneuvers on Fiji's second largest island later this year. [end recording]

New Zealand

France Told To Remove Satellite Beacon

BK1202033390 Hong Kong AFP in English 0215 GMT 12 Feb 90

[Text] Wellington, Feb 12 (AFP)—France was ordered Monday to remove a satellite beacon it installed on a remote New Zealand island apparently without the knowledge of senior politicians. Prime Minister Geoffrey Palmer said the beacon, codenamed Doris and installed on the Chatham Islands 800 kilometres (500 miles) east of here, had useful civilian applications.

"But it is also clear that this could be used to assist with the trajectory of ballistic missiles—and some of those missiles could be armed with nuclear warheads. France is a nuclear weapons state," he told a press conference following a cabinet decision Monday to have the beacon removed.

The government had already told the French ambassador of its decision, Mr. Palmer said. The beacon was installed by the French National Geodetic Institute in January 1988 atop a local post office. The commercial deal to install it was signed with what was then New Zealand Post which, it appeared, failed to notify the government of it.

The government learnt of Doris' existence on January 11 when New Zealand peace activist Owen Wilkes made it public, claiming it compromised New Zealand's anti-nuclear legislation and suggesting France could operate it by remote control. New Zealand has legislation forbidding cooperation with the military of nuclear powers.

The beacon is understood to have been tied in with France's civilian spot remote sensing satellite and was to be linked with the European satellite ERS1. The system collected data such as movements on the earth's surface and tide levels.

Mr. Palmer said Monday the beacon was never operational and was closed down after being briefly tested. New Zealand had sought information about Doris on several occasions from France.

Relations between France and New Zealand were strained over French nuclear testing in the Pacific and the bombing in 1985 of the Greenpeace ship Rainbow Warrior.

Mr. Palmer rejected suggestions the installation had shown a deficiency in New Zealand's security services. "What it shows up is that there is probably a need for New Zealand's sovereign rights to be protected better from commercial transactions," he said.

Port of Wellington Bans Driftnet Fishing Boats

BK1102033090 Hong Kong AFP in English 0319 GMT 11 Feb 90

[Text] Wellington, Feb 11 (AFP)—Driftnet fishing boats and support ships have been banned from the Port of Wellington, the first such ban in the country, a port official has said. Griff Page, managing director of the Port Co., said the ban became effective Saturday and the only exceptions would be emergencies when life or property was endangered.

Shipping companies and their agents had been advised of the ban, he said in an interview published in the DOMINION SUNDAY TIMES newspaper. Mr. Page said that the company, like the government and the people of New Zealand, considered driftnet fishing abhorrent.

The government has made it illegal to bring driftnets into New Zealand's territorial waters, but boats without nets and their support ships can still use ports. The Wellington Port ban is the first of its kind in the country.

"The government's moves will have some effect. We have just made it somewhat stronger," Mr. Page said. The New Zealand Government has taken an active role in international efforts to have driftnet fishing banned in the South Pacific, considering it environmentally dangerous and damaging to tuna stocks.

Japanese and Taiwanese driftnet boats have been fishing the area, but there was no immediate estimate of how many driftnet boats use the port.